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Published Quarterly at Chapel Hill, N. C.

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The SOUTHERN ECONOMIC JOURNAL

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THE SOUTH'S STAKE IN INTERNATIONAL TRADE PAST, PRESENT, AND PROSPECTIVE*

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I

It is an interesting commentary on the perversity of men and of events that the United States, which, historically, has been a protectionist country, should be in the vanguard of the movement to lower international trade barriers. For the United States has a far less vital stake in the maximization of international trade than does Great Britain, Japan, Italy, Germany, or Belgium, for example. Yet, the United States has belatedly "hit the sawdust trail" and embraced the policy always advocated by orthodox economists at a time when most other countries are showing a decided preference for exchange controls, bilateralism, import quotas, and other features of a controlled and regulated foreign trade.

In contrast with the rest of the nation, the South, historically, has staunchly supported free trade. It is true that the sugar planters of Louisiana have always formed a protectionist outpost in an otherwise free-trade society. It is true, too, that our textile industry has been glad to profit from the protective tariff imposed at the insistence of the northern wing of the industry. But these were particular aberrations which did not materially hamper us in our castigation of northern industrialists for their shameless exploitation of the South through the device of the protective tariff.

Our case, as it has usually been presented, was simple and logical. The protective tariff raised the price of the industrially-produced consumer goods which we bought. It likewise lowered the price for which we could sell our cotton and tobacco by limiting the purchasing power of potential or actual European sellers of manufactured goods on our domestic market. Thus the protective tariff was held to be primarily responsible for the low per capita product of the South and for a standard of living much below the national average. The question was rarely asked whether the production of cotton and tobacco by existing prodigality in the use of manual labor could have afforded a standard of living as high as the national average even if there had been no tariff.

* The writer wishes to express his appreciation to the Committee of the South for financial aid which made possible the research on which this paper is based and to Dr. C. B. Hoover, who suggested the subject and gave valuable aid at many points.

The Agricultural Adjustment Act of 1933 was "sold" to southern farmers principally on the argument that it was the best practicable substitute for a lower tariff, which would have been preferable but which was ruled out by political considerations. Many Southerners still believe that the elimination of the protective tariff would insure prosperity for southern cotton and toabacco growers and remove the need for crop controls, price supports, or, for that matter, any further industrialization of the South.

But with increasing industrialization the South has lost some of its enthusiasm for free trade. This is evidenced by the propaganda of many trade and industry groups and is reflected in the votes of southern congressmen. Table I shows how southern congressmen have voted on important tariff bills since 1816. (The 1947

TABLE I

Votes of Southern Members of the United States House of Representatives on Tariff Bills*

PERCENTAGE OF MEMBERS VOTING FOR BILLS TO RAISE TARIFFS		PERCENTAGE OF MEMBERS VOTING FOR BILLS TO REDUCE TARIFFS	
1816	40	1832	60
1824	18	1833	97
1828	20	1846	74
1842	13	1857	97
1875	34	1870	83
1883	21	1872	85
1890	18	1894	94
1897	17	1913	88
1909	11		
1922	15		
1930	25		
1947	29		

* For the years through 1909 "Southern Members" includes members from the 11 states of the Confederacy; after that date it includes, in addition, members from Kentucky and Oklahoma.

Sources: For years through 1909, M. Ogden Phillips, "The Tariff and the South," *The South Atlantic Quarterly*, Oct. 1933, pp. 385–86; for years after 1909, *The Congressional Record*.

bill was a minor one raising the tariff on wool; it is included only because of its recent date.) This table shows that the number of southern congressmen voting for protective tariffs rose from 11 per cent in 1909 to 25 per cent in 1930 and 29 per cent in 1947, higher figures than were registered at any time after 1816 except for the Reconstruction year of 1875. These figures suggest, at least, that the south no longer presents a solid front in its opposition to protective tariffs.

Few economists would question the validity of the free trade doctrine under the assumptions which were part of the doctrine. Since, however, we are living in a world in which fully collectivized, controlled, and semicontrolled national economies are the rule rather than the exception, it is at least questionable whether we shall ever have the degree of freedom of international trade which existed in 1914 or even in 1929. It is, therefore, appropriate to reexamine the

south's stake in international trade, particularly with reference to the extent to which the prosperity of the southern economy is dependent upon national and international trade policies. This paper attempts such a reexamination and also suggests certain adjustments in our internal economy which might be required by different amounts of international trade.

II

In beginning that reexamination we must note first some basic and far-reaching economic changes during the past 20 years in the South, in the rest of the nation, and throughout the world. These changes will be elaborated more fully elsewhere, but for the present we can do little more than list them. For the present purpose the South includes the 13 states from the Potomac to the Rio Grande.

In the South there have been significant movements in population. From 1930 to 1940 the depression almost stopped the normal migration from the South and, fed by high birth rates, the population backed up. The population increased by 9.6 per cent compared to 6.4 per cent outside the South, the first time in many decades that the South had had the higher rate. Then came the war, the flood gates were opened, and within six years the South lost, net, over two and a half million people by migration, more than in any previous decade. The South's rate of increase was cut to less than half that of the rest of the nation—3.2 per cent compared to 7.4 per cent.[1] Farm population in the South declined by more than two and a half million—a loss far greater than that of all other states combined. The net result was that in 1946 the South had only 27.3 per cent of the nation's population, a smaller proportion than at any time since 1900.

Southern agriculture experienced extensive changes between 1929 and 1946. Total croplands harvested declined by some 18 million acres, or over 16 per cent. Cotton acreage in 1946 was less than 40 per cent of the 1929 area, although there had been no crop control for several years. Tobacco acreage, under strict control, remained about the same but yields increased substantially. Acreage devoted to food and feed crops, especially wheat, increased substantially and the number of livestock and poultry animals showed impressive gains. In brief, this great change in agriculture was in the direction of less production for export and more production for the home market.

Industrially the South has made significant progress in the past 20 years. Between 1927–29 and 1937–39 it increased its share of the value of manufactured products from 11.6 per cent of the nation's total to 14.1 per cent, and its proportion of wage earners in manufacturing from 15.1 per cent to 17.4 per cent. Even during the war, despite its scarcity of industrial equipment of the type required by war production, the South increased its share of wages and salaries in manufacturing from 11.6 per cent to 12.3 per cent and from 1939 to 1945 the use of electricity in industrial establishments in the South increased by 96.4 per cent compared to an increase of 77.0 per cent outside the South.[2] Nearly all other

[1] Publications of the Bureau of the Census, especially Series P-25, No. 2, Aug. 15, 1947.

[2] Federal Power Commission, *Summary of Industrial Electric Power in the United States, 1939–1946*, Table J.

measures of industrial activity show at least some gains for the South during the war period.

While these great changes were going on in the South, there have been important developments in the rest of the country. Our great mass-production industries have greatly increased their productive efficiency and in general have outgrown their dependence on tariffs, especially under present conditions. At the same time, policies of administered prices and limited competition often prevent the producers of agricultural products and raw materials from realising their full share of the benefits of the increased efficiency. Synthetic fibers have been developed and their production expanded enormously; at present annual rayon production in this country is equivalent to about two million bales of cotton. Higher incomes and changed habits have greatly increased the domestic demand for cigarette tobacco. Our annual domestic consumption of tobacco is now about equal to our average annual production in the years 1926–29. Higher incomes and several million more babies have also increased the domestic consumption of cotton despite the increasing competition of synthetics.

Elsewhere in the world, economic changes during the past 20 years have been even more extensive than in the United States. A severe depression and a great war have promoted nationalism and state-controlled economies. Quotas, embargoes, currency controls, and the complete collapse of monetary systems have severely restricted international trade. The spread of Russian influence and control have removed several countries from the free international market. Germany and Japan have disappeared, at least for some time, as competitive suppliers of industrial products and important markets for raw materials. The economic distress of Great Britain, our principal customer, will curtail our exports to her for a long time to come. The production of cotton outside of the United States increased by more than five million bales between 1929 and 1939.

III

After this brief survey of the background, let us see what has been happening to southern exports. Since exports from the United States are not designated as to the regions from which they come, we must estimate the proportions coming from southern states. In the following computations it has been assumed that all the raw cotton, leaf tobacco, naval stores, and sulfur exported from the United States originate in the South. This is not strictly true with respect to cotton and tobacco but any of those products coming from outside the South will be more than offset by southern products not included in our table. Further, one half of the value of manufactured cotton goods and two-thirds of the value of manufactured tobacco are included, since those proportions are roughly equal the South's share of United States production in those lines. Forty per cent of he value of exports of wood and wood products and 60 per cent of the value of exports of petroleum products are included since the South produces about 44 per cent of the lumber and a little over 60 per cent of the crude oil of the nation. It is believed that the total of these items gives a fair measure of the exports of southern products. To show trends over the past 20 years, the years 1926–1929, 1936–1939, and 1945–1946 have been selected for comparison.

Table II shows that for the years 1926–29 southern exports, computed as described above, had an average annual value of $1,476,568,000, which was 30.0 per cent of all United States exports in those years. Cotton and its products made up by far the largest group, totaling $889,357,000, or 60.2 per cent of the total. Petroleum products were next with $319,122,000, or 21.6 per cent, followed by tobacco with $157,805,000 and 10.7 per cent, wood products with $63,356,000 and

TABLE II

Exports of Primary Interest to the South, 1926–1946

(In thousands of dollars)

Commodity	Average, 1926–1929			Average, 1936–1939			Average, 1945–1946		
	Exports	% of Total	Approx. % of Prod.	Exports	% of Total	Approx. % of Prod.	Exports	% of Total	Approx. % of Prod.
Cotton:									
Unmanufactured	832,893	56.4	57.8	300,325	41.2	38.2	407,415	30.9	37.1
Semi- and Manufactured (½ of U. S. total)	56,464	3.8		28,580	3.9		152,923	11.6	
Total	889,357	60.2		328,905	45.1		560,338	42.5	
Tobacco:									
Unmanufactured	144,269	9.8	39.7	126,236	17.3	28.5	295,456	22.4	26.1
Manufactured (⅛ of U. S. total)	13,536	0.9		8,849	1.2		27,281	2.1	
Total	157,805	10.7		135,085	18.5		322,737	24.5	
Petroleum Products (60% of U. S. total)	319,122	21.6	15.4	211,736	29.0	13.4	356,153	27.0	
Wood and Wood Products (40% of U. S. total)	63,356	4.3		26,138	3.6		36,660	2.8	
Naval Stores	32,142	2.2	49.4	17,122	2.3	42.0	20,126	1.5	
Sulfur	14,786	1.0	33.5	10,863	1.5	29.3	21,246	1.6	25.0
Totals	1,476,568	100.0		729,849	100.0		1,317,260	100.0*	

Sources: U. S. Department of Commerce; *Statistical Abstract of the United States; Summary of Foreign Commerce of the United States;* U. S. Department of Agriculture; *Agricultural Statistics; Crops and Markets,* January, 1947.

* This column does not add up to 100.0 because of rounding.

4.3 per cent, naval stores with $32,142,000 and 2.2 per cent, and sulfur with $14,786,000 and 1.0 per cent. In volume, exports of raw cotton averaged 8,711,000 bales, or about 58 per cent of average production for those years; for leaf tobacco the figure was 537,167,000 pounds, or approximately 40 per cent of average production. Exports of naval stores were about one-half, of sulfur about one-third, and of petroleum products about one-sixth, of total production in the United States.

In order to understand the significance of these exports to the South's economy we must compare them with certain other economic magnitudes. Table III shows that in relation to agriculture, the total value of exports was equal to about 40 per cent of gross farm income and to about one-half of cash farm receipts in the South. They were slightly greater in value than the total cotton crop (including cotton seeds) in 1929, which was worth $1,434,012,000.

In relation to manufacturing in the South, based on figures from the Census of Manufactures for 1927 and 1929, the value of exports was equal to 128 per cent of wages paid, 43 per cent of the value added, and 19 per cent of the value of all manufactured products in the South. Figures for income payments by states are available only for the year 1929. Average exports for 1926–1929 were equal to about 12 per cent of income payments in southern states for that year.

TABLE III

Ratios of Southern Exports to Certain Other Values

ITEM	1926-29	1936-39	1945-46
Southern Exports ($000)	1,476,568	729,849	1,317,260
% of total U. S. exports	30.0	24.5	13.8
% of gross farm income in South	40.5	26.2	18.8
% of cash farm receipts in South	49.2	33.1	22.1
% of total income payments in South	11.9[a]	6.4	4.2
% of wages paid in manufacturing in South	128.2[b]	54.5[c]	29.7[d]
% of value of all manufactured products in South	19.1[b]	8.8[c]	•
% of value added in manufacturing in South	45.3[b]	23.9[c]	•

[a] Based on total income payments for the single year 1929.
[b] Based on the average of figures for the years 1927 and 1929.
[c] Based on the average of figures for the years 1937 and 1939.
[d] Based on manufacturing payrolls in South for the single year 1946.
• Data not available.

Sources: Publications cited in Table II; U. S. Department of Commerce, *Census of Manufactures; Survey of Current Business.*

It is obvious that exports were vitally important to the South in this period. As a rough approximation, it might be said that, in value, exports were equal to 20 or 25 per cent of the value of all economic production in the region. In Hitler's words, the South had to export or die.

Ten years later the picture had changed considerably. The value of southern exports in the years 1936–1939 was $729,849,000, or just about half of the 1926–29 figure. It had declined somewhat more than total U. S. exports since it now represented only 24 per cent of the U. S. total, compared with 30 per cent earlier. Cotton exports fell by more than 60 per cent in value, declining to $328,905,000 or 45.1 per cent of the South's total. In contrast, tobacco exports fell only about 15 per cent and amounted to $135,085,000 or 18.5 per cent of the total. Exports of petroleum products were still in second place with $211,736,000, a decline of about one-third. Wood and wood products had, like cotton, declined in value

by more than 60 per cent. Naval stores and sulfur also showed very large value declines but they were unimportant in the total.

In physical terms, average exports of cotton in this period were 5,258,000 bales or about 38 per cent of average production, while exports of leaf tobacco averaged 449,719,000 pounds, or about 28 per cent of production. These were sharp reductions compared with the earlier period. The other commodities showed only moderate declines in this respect.

In relation to other economic values, exports dropped sharply in the 10-year interval. In relation to gross farm income and cash farm receipts, they declined by about a third, although agricultural values themselves were substantially reduced. But the decline was even greater in comparison with manufacturing; here the drop was equal to 50 per cent or more. Exports were equal to only little more than 6 per cent of total income payments, contrasted with almost twice that proportion 10 years earlier. Again, if a rough approximation had to be made, we could say that exports were now equal in value to about 12 or 14 per cent of the value of all economic production in the region.

The latest figures available are for the years 1945 and 1946. These figures must be accepted with considerable reservation since this was a period of violent fluctuations, especially in prices. For these two years southern exports averaged $1,317,260,000, which was only about 6 per cent below the 1926–1929 average. This figure, however, was only 14 per cent of the U. S. total instead of the 30 per cent of the earlier period. Cotton and its products were still in first place with $560,338,000, although their relative importance was reduced to 42.5 per cent of the total. A significant point here is the tremendous increase in the value of semimanufactured and manufactured cotton products. For these two years they were about 75 per cent of the value of raw cotton exports. (Only half of these values are included in the table.) In fact, for certain months in early 1947 they exceeded raw cotton in value. This obviously is a temporary condition and reflects the starved condition of the world for cotton textiles and the great amount of textile capacity that is temporarily out of operation.

Petroleum products still held second place in value although they were closely followed by tobacco, which attained a total more than twice either the 1926–29 or the 1936–39 averages and reached $322,737,000, or about 25 per cent of the total. Naval stores and wood products gained absolutely but lost ground relatively while sulfur almost doubled absolutely but barely held its own in relation to the total.

In physical terms, raw cotton exports dropped further to an average of 3,242,000 bales and this level was maintained only by drawing heavily on accumulated stocks, since domestic consumption was high and the 1945 and 1946 crops were among the lowest in 50 years. Tobacco exports rose substantially to an average of 551,638,000 pounds, slightly above the 1926–29 average but this rate was drastically reduced in the spring of 1947 by Great Britain's efforts to conserve dollars. Exports of petroleum products, too, exceeded both earlier averages, but the figure for 1946 was sharply below the 1945 figure.

While southern exports made sweeping recoveries from the 1936–39 levels in value terms and, (except for cotton) in physical terms, they continued to decline in relation to other economic values. They were equal to only 19 per cent of gross farm income and 22 per cent of cash farm receipts. Complete figures on manufacturing are not available but the Department of Commerce gives data which make possible a computation of wages paid in manufacturing.[3] These indicate that exports were equal to 30 per cent of such wages. Export values were equal to only 4.2 per cent of total income payments in southern states. A rough guess now would be that exports are equal to about 9 or 10 per cent of the value of all economic production in the South.

For comparative purposes Table IV has been constructed to show the values of exports originating outside the South and some ratios between those values and other economic magnitudes for the nonsouthern part of the country. From this

TABLE IV

Ratios of Nonsouthern Exports to Certain Other Values

ITEM	1926-29	1936-39	1945-46
Nonsouthern Exports ($000)	3,438,000	2,245,000	8,277,000
% of total U. S. exports	70.0	75.5	86.2
% of gross farm income outside South	42.5	31.2	41.7
% of cash farm receipts outside South	43.4	37.8	48.8
% of total income payments outside South	4.9[a]	3.9	6.3
% of wages paid in manufacturing outside South	34.1[b]	27.2[c]	26.0[d]
% of value of manufactured products outside South	5.8[b]	4.4[c]	•
% of value added in manufacturing outside South	13.0[b]	10.3[c]	•

[a] Based on income payments for the single year 1929.
[b] Based on the average of figures for the years 1927 and 1929.
[c] Based on the average of figures for the year 1937 and 1939.
[d] Based on manufacturing payrolls outside the South for the single year 1946.
• Data not available.
Sources: See Table III.

table it will be seen that between 1926–29 and 1936–39 exports did not decline nearly as much in relation to other economic values as they did in the South. Further, since 1939 nonsouthern exports have risen in relative importance in three of the four comparisons available and declined very slightly in the other one. Finally, from a comparison of Tables III and IV it would seem to be a fair generalisation that exports are now no more important to the southern economy than they are to the economic life of the rest of the nation; perhaps they are actually of less importance.

IV

Even a superficial inspection of the above tables shows that during the past 20 years exports have declined greatly in their importance to the southern econ-

[3] *Survey of Current Business*, Aug. 1947, p. 13.

omy. They have declined by more than a half and probably by almost two-thirds in their relative importance. It is true that these have been unusual times and we must exercise great caution in using them as a basis for generalization. Nevertheless, two facts would seem to be significant. First, the decline in the relative importance of exports has continued during both depression and boom. Second, the South has attained its period of greatest prosperity, both absolutely and relatively to the nation, in a period when imports were relatively smaller than at any other time in recent years and probably in its entire history.

Limitations of space do not permit any adequate examination of the causes of this significant change. Undoubtedly American tariff policy has been one important factor causing the decline in exports. Another factor was the drastic, world-wide decline in international trade which partly caused, and was partly caused by, stringent quotas, embargoes, and currency controls. A third factor was our domestic policy of supporting the price of agricultural products, especially cotton, and its accompanying allocation of acreage. It is significant that at the depth of the Great Depression and after the Tariff Act of 1930 had been in effect for some time, our exports of cotton, in physical volume, were actually above the level of the 1920's. For 1931–32, exports were 9,193,000 bales; for 1932–33, 8,895,000 bales.[4] The big decline came in the two following years, after the crop control program was started. Of course, in dollar terms cotton exports fell sharply, beginning in 1929, because of the decline in cotton prices.

Finally, it should be noted that, whatever the causes of the decline, it does not necessarily follow that the former levels of international trade will be restored by removing them, at least the American part of such causes. When cotton and tobacco culture have been greatly expanded in other countries it is not logical to expect that we can, within a few years, regain our former level of exports by any feasible action, whether unilateral or multilateral. Nor does it necessarily follow that it would be to our best interest to regain the former level of exports in these lines. If there are other lines of production which yield higher per capita incomes and which are less wasteful of manpower, more economical of natural resources, and less dependent on foreign markets than the raising of cotton and tobacco, then it would be advantageous for the South to shift to them. World conditions do change, and it would be in order to make a careful examination to see whether the comparative advantage which the South had in raising cotton and tobacco 100 years ago still exists, especially with present methods of production, which depend so heavily upon manual labor. In any case, we should remember that tariffs are no longer the most important obstacles to international trade; domestic price policies and the more direct controls such as quotas, embargoes, and currency measures are far swifter and more powerful in their effects than are tariffs.

V

Will the decline in exports continue or is it likely to be reversed to any significant extent? Obviously it is exceedingly hazardous to make predictions which

[4] Bales of 500 pounds gross weight. *Agricultural Statistics*, 1946, p. 72.

must be based on both national and international developments. Many different and often conflicting considerations must be examined and appraised. For example, exports from the United States are undoubtedly being held down by the high prices prevailing in this country and by the shortage of dollars throughout the world. But, on the other hand, they are being bolstered by our large loans and gifts to other countries. Perhaps the best procedure would be to assume that peace will return to the world and that a fair amount of international trading will develop and then to examine the different commodities to see what the rest of the world is likely to want and what the South will probably be able to supply.

We may dispose of the minor commodities first. The South is such an important supplier to the world of naval stores and sulfur that exports of these are likely to remain fairly high so long as international trade continues at reasonable levels. But the total of these two items is relatively insignificant. The supply of timber and pulp wood in this country and the steadily growing demand for them, especially for pulp wood, are such that we may not expect any increase of exports from this quarter if, indeed, we can hold our own. The same may be said with greater emphasis in regard to petroleum products. In fact, the present figures on exports of these products are deceptive, since in 1946 our imports of such products were almost as large as our exports. But unless important new fields not now suspected are discovered our exports of petroleum products must decline, and decline substantially, rather than increase.

So it would seem that the volume of our exports is likely to continue to decline unless the trend is reversed by cotton and tobacco. At sufficiently high prices,[5] the South could supply almost any desired amount of these commodities. Is the world likely to demand them at such prices? The South's bright, flue-cured tobacco has a high reputation and a strong demand throughout most of the world, but unfortunately it is subject to several important handicaps. When dollars are scarce, tobacco is frequently stricken from the list of essential imports. Further, even in the periods of the greatest freedom of trade, the sale of tobacco is a state monopoly in many countries. Where local tobacco production is possible, such monopolies almost invariably discriminate in favor of the domestic leaf. Even Great Britain, which normally buys about half of our tobacco, granted substantial preference (in some cases equal to the original cost of the tobacco) to empire tobacco under its empire preference plan and in this way reduced its purchases of American tobacco from over 90 per cent before 1920 to 75 per cent in the

[5] In the case of cotton, our idea as to what would constitute a "sufficiently high price" has had to be revised in recent years and may have to be revised still further. In the spring of 1946 the prevailing price of cotton was more than three times the average prewar price and there was no control of acreage. Yet the acreage planted was about 20 per cent below average prewar acreage and the production for the year was about 10 per cent below average prewar production. This would seem to indicate rather strongly that, so long as present conditions continue, other lines of economic endeavor are more attractive than raising cotton at present prices and under present methods of cultivation. Yet higher prices would almost surely price us out of the world markets. If the foregoing reasoning is correct, then it would seem that we have lost much of our comparative advantage in producing cotton, at least for the present.

late thirties.[6] Finally, tobacco is everywhere subject to very heavy import duties and internal taxes or to high monopoly prices. When additional revenues have to be raised there is no more popular measure than to increase the tobacco tax or to raise the state price for tobacco. When the world food shortage is made up and the knowledge of modern tobacco culture spreads throughout the world, there will be very strong pressure for the expansion of tobacco production outside the United States. In the face of all these obstacles it would seem that any substantial increase in tobacco exports is likely to be sporadic and insecure.

Southern cotton exports face two formidable competitors in the increased production of cotton outside the United States and the increasing use of synthetic fibers. As already noted, foreign production of cotton increased by over five million bales in the 10 years before the war. Production was cut sharply during the war and recovery has been delayed by labor shortages, bad weather, and the diversion of land to food crops. But there can be little doubt that these obstacles will be overcome before long and that production will approach or surpass the prewar level. The production of synthetic fibers is increasing steadily. In 1946 the world production of rayon increased by 18 per cent and was equivalent to almost four million bales of cotton.[7] Staple fiber is now cheaper than cotton and is subject to practically no waste in processing. Incidentally, it is interesting to note that the five million additional bales of foreign cotton and the equivalent of four million bales in rayon amount to a little more than total United States exports of cotton in the late twenties.

It is true that if incomes throughout the world could be raised substantially the demand for cotton would increase greatly. But if that should happen, wages in this country would almost certainly continue to rise. Then, with our present methods of cotton production and our present system of price supports, American cotton would continue to be largely priced out of the world market. So it would seem that the South's only hope for recapturing any appreciable part of the world's cotton market is to mechanize cotton production and abolish the present system of price supports. Even then it is doubtful if we could hope to get back to the seven or eight million bales of exports we realized in the twenties. Even if we did, the price would have to be relatively lower so that the monetary return would not be as important.

In brief, it is possible that with favorable conditions southern exports might increase somewhat in their relative importance. It is extremely unlikely that they will approach the importance they held 20 years ago.

VI

In view of the above considerations and of the world situation today, what international trade policy would best serve the particular interests of the South for the next decade or so? Do the true economic interests of the South justify her in continuing to champion free trade? Would she be willing to pay the price

[6] *Export Trade in and Byproducts Uses of Tobacco*, Sen. Misc. Doc. No. 39, 76th Cong., 1st Sess., p. 13.

[7] *The Cotton Situation*, May–July, 1947, p. 1.

if a fairly complete free trade system could be realised? What adjustments in our internal economy would be required under free trade and under a continuation of the present system? These are big questions to which precise answers cannot be given but it may be worth while to consider some alternative possibilities. Let us assume first that the United States lowers its tariffs drastically, makes the strongest possible effort to remove trade barriers, and succeeds in persuading several other leading nations to do the same. In the second place let us assume that such efforts are not made, or, if they are, that they result in failure and that essentially the present system continues. In both cases it will be necessary to look some years ahead because it would take time for any new policies to exert their effects and because the rest of the world has so little to send us and so few dollars with which to buy at present.

How much greater would southern exports be under a system of relatively free trade than under the present system? Exports of naval stores and sulfur might increase somewhat but, even so, their increase would be too small to be significant in the total. Exports of petroleum products and wood and wood products would not likely be any greater under free trade than under any other system because we will not have any appreciable surplus of these products over our own needs. If the price situation at any particular time should lead to heavy exports, it would mean that we were drawing on important reserves which should be kept for our own needs.

So the problem becomes largely a question of how much more cotton and tobacco we could export under free trade. If prices were not artificially supported it is probable that we could export considerably more cotton and tobacco than under the present controls, although at relative prices somewhat lower than at present. How much more it is probably impossible for anyone to say. The group which studied agricultural adjustments for the Pace Committee stated that, "Under production-control conditions, it is assumed that little or no cotton would move into export channels with the price at 20 cents per pound. At 14 cents per pound, it is assumed that 4,000,000 bales would be exported."[8] But in this country the price level has risen about 50 per cent above the 1943 level this group assumed, while in the rest of the world prices have risen by varying amounts. Perhaps we could use the same assumptions and substitute 21 and 30 cents, respectively, as the prices for cotton. In any case, a difference of four million bales of exports would not be an unreasonable difference to assume between controlled and free trade; certainly the difference would not likely be greater than that. For tobacco, let us assume that under controls we could export 400 million pounds, and under free trade, 750 million pounds.

Under these assumptions, the difference to the South between controlled and free trade would largely be the 350 million pounds of tobacco and the four million bales of cotton. At 20 cents per pound for cotton and 30 cents for tobacco, the value of the difference would be approximately 500 million dollars; at 30 cents

[8] *Study of Agricultural and Economic Problems of the Cotton Belt*, Hearings before Special Subcommittee on Cotton of the Committee on Agriculture, House of Representatives, July 7 and 8, 1947, p. 26.

cotton and 40 cents tobacco, the difference would be 740 million dollars. The higher figure would be a little more than 10 per cent of present cash receipts from farm marketing in the South and a little over 2 per cent of total income payments in the region.

But if we are to have freer trade we must import more. In what lines would we likely increase our imports? In general, it is doubtful that we would import more of the goods of the mass-production industries. In this field American companies, which are located almost exclusively in the North and Middle West, have such an advantage over the rest of the world that they are not dependent on tariffs. Nor is it likely that we would import more heavy, highly complicated industrial equipment or intricate precision goods; with the disappearance of Germany from the world market, Great Britain and the United States are the only large producers in these fields and they will probably be able to find ample markets for some time to come without invading each other's markets. Further, all of the above goods, which require for their production large amounts of capital and high degrees of skill, tend to be sold under administered prices with a minimum of competition. In the face of more competition through lower tariffs, the producers of such goods might lower prices, but their normal reaction would be to reduce production.

The increased imports would probably come in the fields of the coarser, staple, standardized, and semifinished goods. These are the goods produced by countries just beginning the process of industrialization; they are sold under highly competitive conditions at fluctuating prices. They are the typical products of the South's relatively primitive and semicolonial industrial system.[9] Cotton yarn and the heavier textile products are examples of such goods. Under world conditions existing today, substantially free trade would provide considerably increased competition for southern industries and, in particular, would effectively prevent the expansion of, if it would not force a contraction in, the southern textile industry. If that should happen, the problem of finding employment for the South's excess manpower would be made more acute and per capita incomes would probably be reduced.

On the other hand, the classic advantage of free trade is that it benefits the consumer through lower prices, especially for manufactured goods. Southern consumers, along with those in other regions, should enjoy lower prices on the more competitive goods. Where prices are administered, the price administrators might be induced, by lower tariffs, to administer the prices around lower levels, although, as noted above, there is always the possibility of reducing production. An additional advantage of free trade, if it were accepted in its entirety, would be that it would facilitate the liquidation of our system of price supports and acreage control for agricultural products, with all of their complications, restrictions, and inequities. Normally we should expect this to be followed by an increase in the acreage planted, certainly of cotton and perhaps of tobacco. Whether these changes would give us a net gain or loss would depend

[9] See U. S. National Resources Committee, *Regional Planning*, part 11, "The Southeast," pp. 129–138.

upon many factors, one of the most important of which is the efficiency of manpower used in raising cotton and tobacco in comparison with its efficiency in other alternative forms of production.

What are the prospects if the world does nothing to lower trade barriers? Again we center our attention on cotton and tobacco. With relatively full employment we should be able to count on a domestic consumption of eight to nine millions bales of cotton per year, or about the size of the 1946 crop, unless the synthetics make further heavy inroads into the market. Under restricted trade we would probably have to assume a continuation of price supports and acreage control, and exports would therefore be negligible. Thus we would probably have to count on a control program which would restrict cotton production to a level of nine or ten million bales per year. Of course, if wide mechanization should drastically lower the cost of growing cotton we might hope to dispense with controls even under a system of restricted trade.

In the case of tobacco, the domestic demand has been growing rapidly for the past 30 or 40 years. From 1924 through 1945 the consumption of cigarette tobacco increased by more than 7 per cent per year; from 1924 through 1939, the rate was approximately 6 per cent per year. Further, we have been able to maintain tobacco exports fairly well under a program of restricted trade except when the foreign market was disrupted by such things as the outbreak of war and the British currency crisis. If we assume that in the future the use of cigarettes will increase at the rate of 5 per cent per year and that we could export 400 million pounds of tobacco under our present trade program, we could dispose of a crop of the present size (plus reasonable imports for blending purposes) in six or seven years. If we are more conservative and assume an annual increase in the use of cigarettes of only 3 per cent per year, the demand would equal the above figures in from 10 to 12 years. But tobacco yields have been increased so rapidly and the value produced per acre is so high when prices are good that some rather stringent acreage control would probably be necessary for some time if parity prices were maintained.

Thus we may say that the price of continuing our present trade program would be, in the agricultural field, a continuation and perhaps even a tightening of our present system of price supports and acreage controls or a substantial drop in prices and an agricultural depression. In addition, consumers would have to pay somewhat higher prices than would prevail under free trade. In return, we might expect two advantages. The first would be reasonable encouragement for a continued expansion of southern industry; the higher prices which the consumer would pay should provide some incentive to the manufacturer. Second, if farmers were producing mainly for the domestic market they would not be so vulnerable to economic and financial crises throughout the world as if they depended heavily on exports. In periods of crisis and depression international trade tends to fall off more than domestic trade.

It is not easy, perhaps not even possible, to strike a balance of the considerations outlined above. Perhaps the controlling consideration is whether or not we can, in the long run, increase the efficiency of southern manpower and re-

sources by providing some encouragement for them to shift from one use to another. Certainly their efficiency in raising cotton and tobacco, under present conditions, is low. If through some artificial incentive or stimulus they could be shifted to other lines in which their efficiency, both absolutely and in relation to the rest of the world, is higher, then it might be desirable to provide that stimulus. In the case of cotton it is possible that mechanization may soon change conditions radically and solve at least a part of the problem.

STATE AND LOCAL TAXATION IN THE SOUTHEAST AND THE WAR*

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The rise in the general price level and its by-products have focused recent interest on the outlook for state and especially for local revenues. Thus, it is particularly worth while to ascertain now what the war period has done to the state and local tax structures; it may prove doubly important if, as now seems probable, the federal government not only declines to assume added financial responsibility for education, conservation, and other so-called state functions, but also actually reduces its contributions of past years.

In a single brief paper one must select among needed analyses. An attempt will be made to develop the most significant facts bearing on two main classes of questions: (a) How has the war period influenced state tax revenues, and (b) how has the war period influenced combined state and local tax revenues? The first problem is important mainly because the major fluctuations have occurred in state, rather than in local, tax collections. Consideration of state revenues alone will prove gravely misleading unless the limited policy significance of the data is clearly understood. And so it will be kept in mind that in the discussion of state tax revenues one is looking at widely varying parts of the whole picture. It is a matter of purely local policy which governmental functions are assigned to state and which to local government. The states are not by any means in agreement.[1] For this, among other reasons, no inferences as to revenue reactions to war conditions can be based on *state* data alone.

I

Chart 1 depicts increases in state tax revenues since 1937. This is the period for which the Bureau of the Census has published statistics on a roughly comparable basis. The figures show a continuous climb in the amount of money produced by our southeastern[2] state tax systems. The upswing for the Southeast is slightly, but not significantly, greater to 1945 than for all states. Perhaps the divergence shown in the chart for 1946 and 1947 is meaningful. The

* The writer is indebted to his colleague Harry Palmer for hundreds of painstaking computations and for preparation of the charts in this paper.

[1] This caution is doubly urgent in comparisons between data for the southeastern and for all states. Florida local tax receipts in 1942 were about four-fifths as great as state tax receipts; in Arkansas the corresponding fraction was less than one-third.

[2] "Southeastern states" are Virginia, West Virginia, Kentucky, Arkansas, and states to the southward—not Texas and Oklahoma. The definition is arbitrary. It was agreed to for purposes of economic analysis in an income conference sponsored by the Southern Regional Committee of the Social Science Research Council.

The analysis is based on the revenue behavior through 1946. The preliminary data are shown in the tables and charts for 1947.

exclusion of pay roll taxes for the support of unemployment compensation on the ground that such excises are in the nature of social insurance premiums rather than taxes makes little difference in the tax revenue behavior from year to year.

The statistics of major tax sources add meaning to the over-all data. In Charts 2 and 3 such figures are presented. Several arresting facts are disclosed. The state property tax collections declined sharply between 1937 and 1941, but showed considerable, though comparatively minor, increases after 1941. The reductions immediately preceding the war years resulted mainly from the gradual state retirement, as a matter of policy,[2] from the field of property taxation. Especially remarkable were the unequaled advances in alcoholic beverage sales

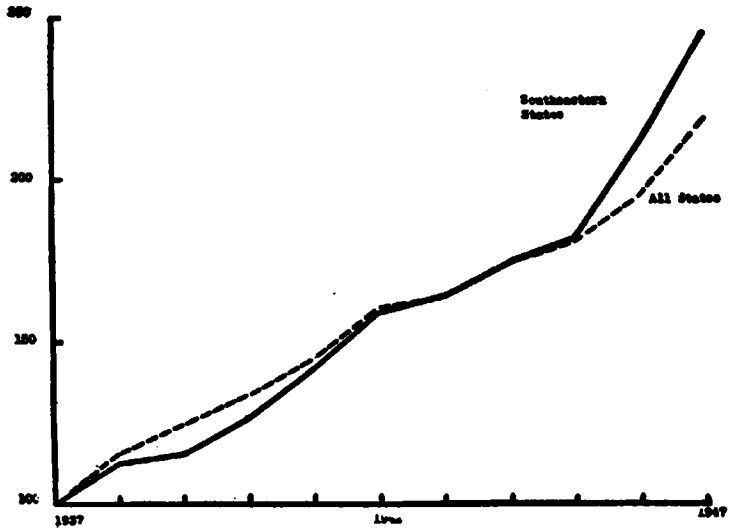

CHART 1. INDEX OF STATE TAX COLLECTIONS, SOUTHEASTERN STATES AND ALL STATES, 1937–1947
(1937 = 100)

Source: U. S. Bureau of the Census, *Financial Statistics of States: 1937–1941; State Finances: 1942–1945; State Finances:* Preliminary, 1947.

tax collections. These revenues shot up far more rapidly than did any other major class of tax collections, and did so at the same time that federal taxation of transactions in the same commodities was being raised to unprecedented levels. The advance was continuous. The general sales taxes, usually regarded as stable revenue measures, advanced well over 80 per cent in the years following 1941, as compared with a rate of increase almost as great during the preceding four years. The corporate and individual income taxes showed revenue gains somewhat greater than those which the general sales taxes registered,

[2] This policy is explained and documented in James W. Martin, *Southern State and Local Finance Trends and the War*, pp. 6–9.

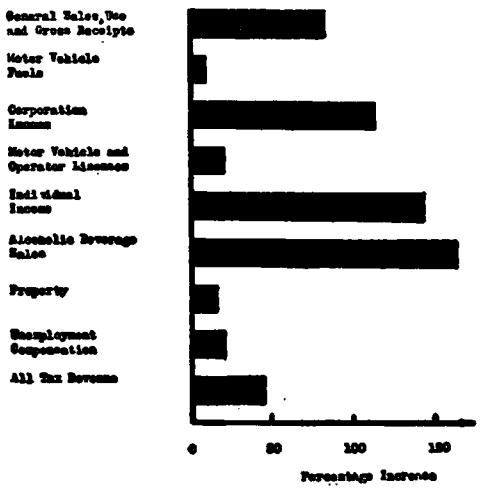

CHART 2. PERCENTAGE INCREASE IN STATE TAX YIELDS FROM MAJOR SOURCES, SOUTHEASTERN STATES, 1941–1946

Source: Computed from U. S. Bureau of the Census, *Financial Statistics of States: 1941*, Vol. 2, No. 1, Table 3, pp. 6f.; Table 4, p. 8; Table 5, p. 9; *State Finances: 1946*, Vol. 2, No. 1—Preliminary, Table 2, p. 4; Table 3, p. 5; Table 4, p. 6.

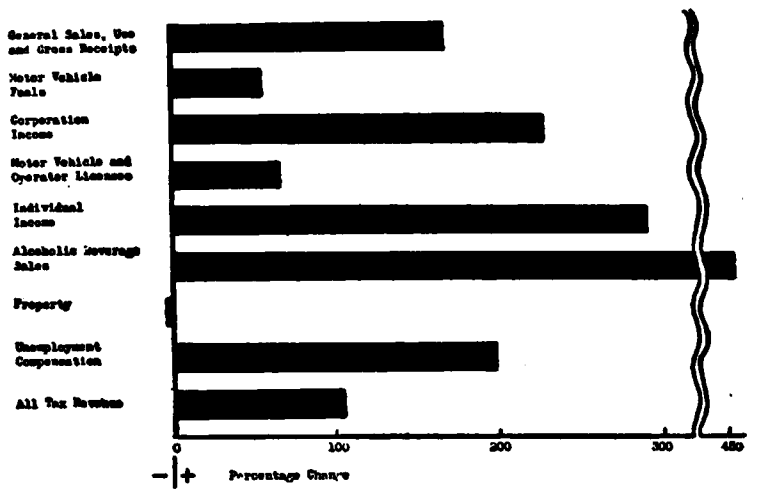

CHART 3. PERCENTAGE CHANGE IN STATE TAX YIELDS FROM MAJOR SOURCES, SOUTHEASTERN STATES, 1937–1946

Source: Computed from U. S. Bureau of the Census, *Financial Statistics of States: 1937*, Table 5, pp. 36–40; Table 9, p. 58; *State Finances: 1946*, Vol. 2, No. 1—Preliminary, Table 2, p. 4; Table 3, p. 5; Table 4, p. 6.

but the upswing was decidedly short of that depicted in alcoholic beverage tax statistics. The gasoline tax and the motor vehicle and operators' licenses, which due to rationing slumped during the war period, and the pay roll or unemployment compensation taxes showed only modest revenue increases to 1946. In the instance of gasoline and motor registration taxes, the explanation, of course, lies largely in the postwar scarcity of new motor vehicles and to some extent in gasoline rationing in the first part of the fiscal year 1946.

Except for the property tax collections, which reversed a previous downward trend, and for revenues affected by rationing, it is of special interest that tax revenue changes during the war period represented largely a continuation of the tendencies apparent before the war. Moreover, the average rate of over-all advance to the end of the war was little affected.[4]

II

In view of the fact that examination of combined state and local tax data is prerequisite to an understanding of the wartime and postwar changes, the following analysis considers the entire state and local, rather than merely the state, tax collection picture. This approach, though it must of necessity be based heavily on revenue estimating,[5] places the collections in more revealing perspective, not only because the boundary between state and local government finances varies in different states, but also because state grants-in-aid and even federal subsidies confuse the revenue data to varying degrees in the several states.

From Chart 4 it is obvious that the total southeastern state and local tax collections increased, 1941–1946, at a decidedly greater rate than did those for all states. Indeed, the percentage gain was almost twice as great. When the prewar data are noted, it becomes apparent that the upswing for the 10 years 1937–1946 also evidences a greater rate of over-all gain in the Southeast than in all states.

Even though the rate of increase was greater during the same period in the Southeast, the general character of the statistical picture is similar. Except for 1938 to 1939 when the all-state figures showed no change at all, in fact, increases occurred consistently from year to year. And the war-time upswing was not surprisingly greater in either instance than the prewar advance.

Table 1 and Chart 5 compare total state and local taxes per capita with income payments per capita for the Southeast and for all states. The chart indicates that the level of taxes in relation to income was consistently a trifle lower in the Southeast for each of the 10 years 1937 to 1946 than for the country as a whole. The difference in any particular year was unimpressive, but the persistently ower level throughout the decade may have significance. Following the recovery after 1938, it will be observed that the level of taxes in relation to income on the average declined, not only up to the war period, but through the war

[4] Cf. Arthur Lee Cunkle, *The Impact of World War II on State Finances*, University of Virginia thesis, 1947.

[5] The greater estimating stems from a lack of census or other general data for certain classes of local governments except for the decennial census year 1942.

period as well. The slight increase in the ratio of taxes to income in the Southeast for 1946 probably resulted partly from the increase in taxes already alluded to and partly from the reduction of the southeastern military establishment and hence of the rate at which income payments would otherwise have advanced.

If the tax collections of state and local government are viewed in terms of purchasing power, computed by applying the Bureau of Labor Statistics index of prices in primary markets, it is apparent that the general revenue upswing terminated in 1940. The subsequent decline continued until prices were stabilized in the fiscal year 1943. Again, beginning with 1946, there was a sharp decline;

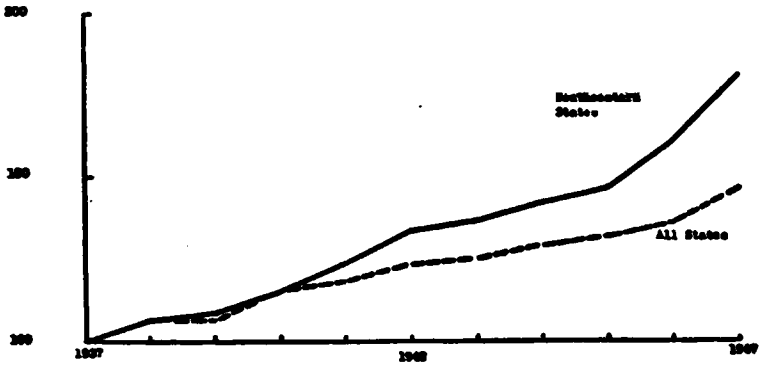

CHART 4. INDEX OF STATE AND LOCAL TAX COLLECTIONS, SOUTHEASTERN STATES AND ALL STATES, 1937–1947
(1937 = 100)

Source: Computed or estimated on the basis of U. S. Bureau of the Census, *Financial Statistics of States: 1937–1941; State Finances: 1942–1945; State Finances*—Preliminary, 1947; *County Finances: 1942–1944; County Finances*—Preliminary, 1945; *Financial Statistics of Cities: 1937–1941; City Finances: 1942–1945; Finances of Cities Having Populations Less Than 25,000: 1942; Finances of School Districts: 1942; Governmental Finances in the United States: 1942.*

Except for the year 1942 total tax collections were computed by substituting data for other years where they were not available for the year under consideration.

and the postwar reduction rendered the purchasing power of the tax revenues only slightly higher for the Southeast in 1947 than in 1937. For all states there was a 14 per cent decline.

Examination of the trend of ratios of state and local taxes to income payments in the individual states is revealing. The data verify previous studies so far as the relative positions of the several states are concerned. The student of tax statistics, for example, would readily anticipate that Georgia and Virginia are among the states which impose the lowest taxes in the light of taxable capacity to be found anywhere in the South and that Florida, Louisiana, and Mississippi are the states which impose relatively the highest taxes among all the states in

the Southeast.[6] What probably would not have been as readily anticipated is the fact that the tax loads during the war declined most in states collecting about average proportions of income payments as taxes. Kentucky showed greater wartime decline in tax load, as measured by the ratio of taxes to income, than did any other southeastern state.

TABLE 1

Ratio of Per Capita State and Local Taxes[a] to Per Capita Income[b] by States 1937 to 1947

STATE	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947[c]
United States	10.8%	12.6%	11.8%	11.8%	10.0%	8.4%	7.0%	6.7%	6.6%	6.4%	6.8%
Southeast	10.3	11.8	11.4	11.2	9.4	7.7	6.3	5.9	5.9	6.2	6.9
Alabama	9.7	10.6	10.6	10.6	8.6	6.5	6.0	5.3	5.1	5.2	5.6
Arkansas	8.7	9.8	9.5	9.9	7.9	7.0	6.5	5.6	5.4	5.9	6.7
Florida	12.4	13.8	13.4	12.5	11.2	8.4	5.6	6.2	5.7	7.7	8.2
Georgia	7.5	9.9	9.4	9.1	7.8	6.6	5.0	4.8	4.6	5.1	5.9
Kentucky	10.0	12.0	11.3	11.0	9.9	8.3	6.2	5.5	5.6	5.7	6.5
Louisiana	14.3	14.7	14.5	15.1	12.1	10.1	8.1	8.1	8.3	8.8	9.4
Mississippi	11.8	14.0	12.7	13.8	10.1	8.4	7.0	6.9	7.0	8.0	8.1
North Carolina	11.4	12.5	11.6	11.8	10.1	8.3	7.6	7.0	7.0	6.8	8.1
South Carolina	11.7	12.9	11.7	11.5	10.0	8.3	6.9	6.3	6.3	6.7	7.4
Tennessee	10.0	12.1	11.5	11.0	8.8	7.8	6.2	5.8	5.2	5.4	5.8
Virginia	8.1	9.0	8.8	8.0	6.9	5.4	4.8	4.5	4.5	4.8	5.5
West Virginia	10.1	12.2	11.5	11.3	9.9	8.7	7.8	7.0	6.4	6.2	6.8

SOURCE: Computed from U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce; *Survey of Current Business*, Aug. 1947, p. 22; U. S. Bureau of the Census, *Statistical Abstract of the United States: 1946*, p. 9; *Current Population Reports, Population Estimates*, Series P-25, No. 2, Aug. 15, 1947; *Financial Statistics of States: 1937–1941; State Finances: 1942–1945; State Finances*—Preliminary, 1947; *County Finances: 1942–1944; County Finances*—Preliminary, 1945; *Financial Statistics of Cities: 1937–1941; City Finances: 1942–1945; Finances of Cities Having Populations Less Than 25,000: 1942; Finances of School Districts: 1942; Governmental Finances in the United States: 1942.*

[a] Except for the year 1942 total tax receipts were computed by substituting data for other years where they were not available for the year under consideration.

[b] Tax collection data used were for various fiscal years as reported by the Bureau of the Census in reports of governmental finances. Population estimates used were as of July 1 each year.

[c] Per capita incomes for 1946 were used in computing ratios for 1947. Population estimates for 1946 were used in computing per capita taxes for 1947.

In order to ascertain the influence of the war on state and local tax revenues it is necessary to study not only the over-all picture but also the trends by particular revenue sources. Because property taxation is still of outstanding rela-

[6] Cf. James W. Martin and Glenn D. Morrow, *Taxation of Manufacturing in the South*, forthcoming publication of the University of Alabama Bureau of Public Administration, especially chaps. 4 and 5.

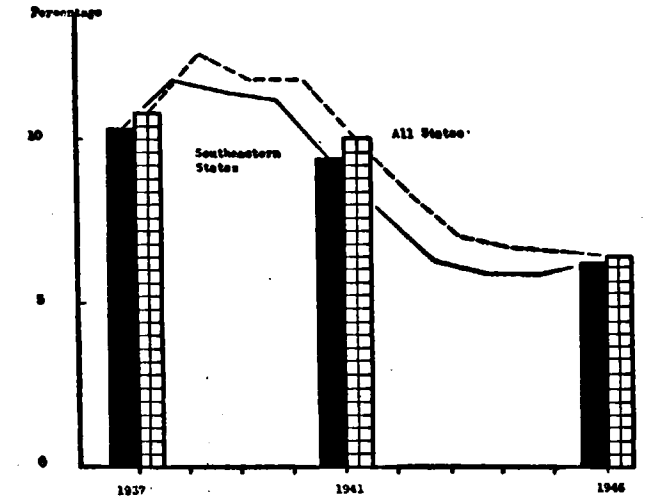

CHART 5. RATIO OF PER CAPITA STATE AND LOCAL TAXES TO PER CAPITA INCOME, SOUTHEASTERN STATES AND ALL STATES, 1937, 1941, AND 1946

Source: Table 1

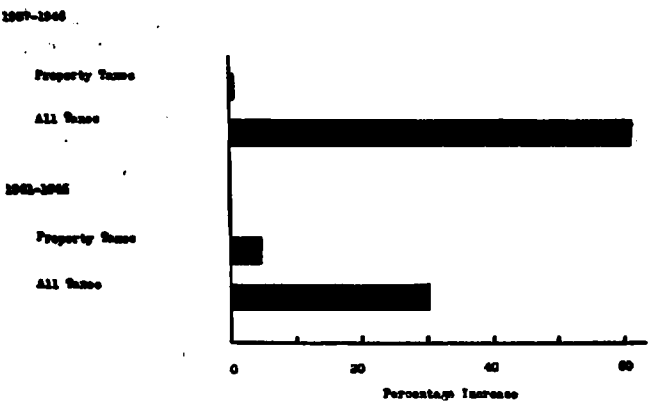

CHART 6. PERCENTAGE INCREASE IN STATE AND LOCAL TAX COLLECTIONS, SOUTHEASTERN STATES, 1937–1946 AND 1941–1946

Source: Computed from U. S. Bureau of the Census, *Financial Statistics of States: 1937, 1941; State Finances*—Preliminary, 1946; *Financial Statistics of Cities: 1937, 1941; City Finances: 1942, 1945; County Finances: 1942; County Finances*—Preliminary, 1945; *Finances of Cities Having Populations less than 25,000: 1942, Finances of School Districts: 1942; Governmental Finances in the United States: 1942.*

Data were largely unavailable for the years under consideration and substitutions from available data for other years were liberally made.

tive significance, it is especially worth while to note the behavior of property tax in relation to all tax yields. The data bearing on this point and summarized in Chart 6 indicate that southeastern state and local property tax collections declined somewhat from 1937 to 1941 and that they increased modestly after 1941. The percentage advance in all tax revenues, inclusive of those from property taxes, was almost exactly twice as great for the 10 years 1937 to 1946 as for the six years 1941 to 1946, both years inclusive. Even though property tax collections were at a standstill for the whole 10-year period, the upswing in aggregate state and local tax collections as a whole exhibited an annual rate of gain in the four years beginning with 1937 as great as during the war period itself.

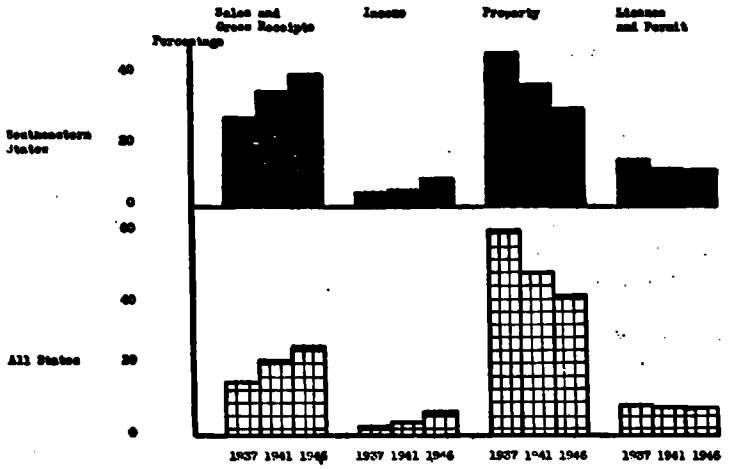

CHART 7. STATE AND LOCAL TAX COLLECTIONS, MAJOR SOURCES EXPRESSED AS PERCENTAGE OF TOTAL SOUTHEASTERN STATES AND ALL STATES, 1937, 1941, AND 1946

Source: Computed from estimates based on U. S. Bureau of the Census, *Financial Statistics of States: 1937, 1941; State Finances*—Preliminary, 1946; *County Finances: 1942; County Finances*—Preliminary, 1945; *Financial Statistics of Cities: 1937, 1941; City Finances: 1942, 1945; Finances of Cities Having Populations less than 25,000: 1942; Finances of School Districts: 1942; Governmental Finances in the United States: 1942.*

The southeastern as compared with the all-state tax collection picture is presented in Chart 7 in terms of the trend in relative revenue importance of major classes of taxes. The levies on property in 1937 exceeded 46 per cent of all southeastern state and local tax collections. By 1946 they were less than 30 per cent of the total. The all-state ratio was decidedly higher for each of the years compared. Meantime the proportion of total state and local tax revenue raised by corporate and individual income taxes and unemployment compensation pay roll taxes had almost doubled. The percentage produced by alcoholic beverage taxes had more than doubled, and the proportion attributable to sales and gross receipts taxes generally had advanced more or less consistently—and to a point decidedly above the average for all states. The relative yield of death taxes and

of licenses and permits had declined, and that from severance taxes had continued to occupy about the same relative position as previously.

III

From the information that has been presented it would appear that, aside from property taxation, the tendencies established in the years immediately prior to the war were largely continued in the fiscal years 1942 to 1946 inclusive. In the case of certain kinds of taxes, however, the rates of change were materially different in the war period from those that marked the preceding years. The behavior of tax revenues, although similar, probably cannot be explained for the years 1937 to 1941 in the same way as for the years 1942 to 1946.

Examination of the general picture of the economy suggests strongly that production was increasing considerably during the period 1938 to 1941 inclusive. The price level also showed a substantial upswing after 1939. The two factors in combination undoubtedly accounted for most of the rise in the collections from those taxes the rate of which remained unchanged. Apparently, the decline in property tax revenues resulted very largely from reductions in certain particular state rates. A factor which operated to offset the influence of reduced total property tax rates was the increase in the ratio of collections to levies. However, this factor had comparatively little bearing on the situation after about 1939 and did not, in all probability, contribute heavily toward accounting for subsequent changes.[7]

During the war period proper general prices advanced little. Thus, any influence on tax revenues which that factor may have exercised in the years immediately prior to the war was all but completely removed by the stabilization of prices from mid-1942 to about the end of the calendar year 1945. On the other hand, productivity in the southeastern states was accelerated during the war period and apparently continued to advance through most of 1945 so that on the whole that year witnessed the peak of productivity. In all probability, therefore, the upswing in state and local revenue yields, particularly the former, occurred during the war period to roughly the same extent as previously almost wholly because of rising productivity. The war time increases in productivity largely maintained the trends established by both price and income changes, 1937–1941.

Since the war there has continued to be a sharp increase in state and local dollar revenues in the southeastern states as a group. However, on the basis of tax collection data for this group of states, it appears that tax revenues increased at too slow a rate to keep up with the development of the inflationary spiral. If the revenue data are corrected for price changes, there was a tax collection decline of about 12 per cent from the fiscal year 1945 to 1947.[8] Part of the failure

[7] Frederick L. Bird, *Trend of Tax Delinquency, 1930–1946, in Cities of over 50,000 Population*, p. 15, and detailed tabulations in subsequent pages.

[8] The Bureau of Labor Statistics index of prices in primary markets has been used as in the data presented above for the computations underlying this discussion. A good case could be made against this index, but the consumer price index would scarcely meet the need.

of tax receipts to keep up was due to a reduction in productivity largely no doubt from the abandonment of southern military establishments and the elimination or reduction of output in certain types of war plants. However, the decline in real income was not so great as to remove all question regarding the sagging rate of increase in the purchasing power of revenues from state and local taxation, particularly in those states which rely heavily on income taxes.

This problem of declining tax revenue yields can probably be explained largely in terms of demoralized tax administration. At any rate this is an intriguing hypothesis and is consistent with the known facts. In the instance of state tax administrations it should be observed that personnel from top to bottom in many instances was depleted during the war period by transfer to military, federal civil service, and war plant employment. There is some reason to believe that the various southern state tax administrations were injured by the departure of experienced personnel somewhat more severely in those states which had recently made greatest gains in administrative efficiency. The explanation lies heavily in the fact that those states, more largely than others, employed younger men and women and therefore suffered a greater drain of manpower to war activities.

The personnel losses which occurred during the war did not result in the immediate severe impairment of administrative effectiveness because for the duration of the war taxpayers were too occupied or too patriotic to take advantage of loopholes through which they might escape liability, either legally or illegally. After the war that factor did not obtain to the extent that demoralisation was prevented. Moreover, there was added the influence of rapidly increasing postwar costs of living which rendered the salaries paid in the various tax departments completely out of line with those enjoyed in federal government service and in private employment. In consequence, much of the trained personnel which might have returned to the state service following the war was permanently diverted into other areas of employment through the lag in readjustments of state personnel policies—especially of compensation rates.

The most serious expression of the demoralized administration is exemplified in local property tax assessment machinery. In a number of states property assessments have gone from bad to worse over a period of years, except in local government units here and there and in the instance of state-assessed properties, so that the inadequate assessment personnel methods and the pathetically low assessor pay is now producing a critical revenue problem, especially for local governments.[9]

[9] Throughout the country the assessment emergency is being recognised in various ways. More state agencies than ever before have been financed for the purpose of lifting the standard of local property tax administration, and a number of other states contemplate action. In the Southeast, for example, Alabama and Virginia have made substantial appropriations to provide state assistance to local assessing officers in the hope of stemming the tide which promises to bring about a collapse of the real estate tax. A similar token addition to the appropriation of the Kentucky Department of Revenue was made, but employment conditions rendered it impracticable to go forward constructively with an improvement program.

IV

If the data presented in this paper have been wisely interpreted, certain conclusions are self-evident.

1. The period immediately preceding World War II was one in which a definite upward trend in state and local revenues was established as a result of (a) rising prices, (b) increasing productivity, (c) changes in tax laws, and (d), in at least a few states, administrative improvement. Due mainly to legislation, however, the period witnessed a downward trend in property tax collections.

2. The war years 1942 to 1945 inclusive showed more rapidly increasing state and local tax revenues in the Southeast even though the price level was practically stable. There was relatively little new tax legislation, and so the upswing must be attributed mainly to greater income productivity. During the period 1941 to 1946 the trend in property tax collections was reversed. The gross sales and use, the income, and the alcoholic beverage tax collections increased more rapidly during 1941 to 1946 than immediately before the war; but the revenues depending on motor vehicle use advanced little.

3. Although immediately following the war the upward tax collection trend continued, if allowance is made for the declining value of money there has been a definite slump in southeastern state and local tax revenues during the fiscal years 1946 and 1947, but the decline has been only about three-fifths as great percentagewise in the Southeast as in all states.[10] A possible explanation of the postwar reduction in the purchasing power of state and local tax revenues is found in the war and postwar impairment of tax administration personnel. If this factor is the major one, it is the most significant result of the war for southeastern state and local tax revenues.

[10] The difference is doubtless due to the greater reliance of other states on the stable property taxes, as is obvious from Table 7.

LOUISIANA'S STATE-SPONSORED DRAINAGE PROGRAM[1]

ROBERT W. HARRISON

U. S. Department of Agriculture

In 1940 the Louisiana state government, under the direction of Governor Sam Houston Jones, inaugurated a program for rehabilitating the existing drainage system of the state and extending it into undeveloped areas. This program promises to mark the beginning of a new and, it is hoped, more rational period in the long history of Louisiana's effort to protect her alluvial and prairie lands from floods and drain them for agriculture. It has come into operation at a time when many of the local drainage organizations, which have long borne the weight of the drainage problem, are falling into decay and when the federal government through such agencies as the U. S. Army Engineers and the Soil Conservation Service (and associated districts) is ready to make a positive contribution to drainage engineering.

Students of land development see in this state-sponsored program a step toward the much needed local, state, and federal coordination of drainage work. Should it prove successful, immense improvement will be made in the agricultural base, in terms of new land for crops and pastures and improvements to existing farm lands. One of the most ambitious drainage programs attempted in recent years by a state government, it may set the pattern for future drainage reorganizations now badly needed in all the southern states, particularly the Mississippi Valley states. Not only has this program marked the rebirth of state interest in drainage problems in Louisiana but it has already had considerable influence on federal drainage reclamation policy. The influence which this program may have on drainage reorganizations throughout the Mississippi Valley makes it important that it be well understood and its advantages and disadvantages carefully analyzed.

This paper outlines the plans and objectives of the Louisiana state drainage program, and attempts to show how drainage planning at the state level may serve as an important coordinating link between local drainage organizations and the expanding programs of federal agencies. Advantages and disadvantages of

[1] This paper is a byproduct of the general study, Land Development and Land Settlement in the Lower Mississippi Alluvial Valley, being carried out by the Bureau of Agricultural Economics, in cooperation with the land grant colleges of the area. Dr. Walter M. Kollmorgen suggested the preparation of this paper and I am indebted to him for many ideas relating to drainage in Louisiana. Mr. Hugh Wooten, Mr. John Mason, and Miss Margaret Purcell were generous in helping to prepare the tables and edit the manuscript. Mr. J. T. Olsen, Soil Conservation Service, read the article and made a number of suggestions which were incorporated. Professor B. M. Gile reviewed the article and made a number of contributions. The opinions expressed here, however, are entirely the responsibility of the author.

the Louisiana program, in terms of the physical and social problem which it is designed to meet, will be briefly examined. Some of the political and social background of the state drainage program will be reviewed so that readers may know some of the complications which arise when reorganizations of established methods and institutions are attempted.

I

It is no exaggeration to say that the welfare and prosperity of Louisiana depend upon the successful operation of flood control and drainage works. About 40 percent of the state's 29 million acres lie in the alluvial valleys of the Mississippi, Red, and other rivers and in the southwest prairies where flood control and/or drainage are essential to all agricultural economic development. The rich, alluvial agricultural lands and the larger centers of population are in the direct path of potential floods. The elaborate levee program designed to protect this area has closed much of the natural drainage so that it has long been necessary to construct artificial canals for the removal of surface water. This task has become more difficult as land clearing has moved from the higher natural levee lands to the lower interstream areas. The slight slope of much of the Mississippi alluvial valley and the western prairies and the high rate of rainfall combine to make the removal of surface water a difficult and expensive task.

Over 600 drainage districts have been organized by local landholders to attack the problem of agricultural drainage in Louisiana. More than half of these districts failed to complete drainage systems and were dissolved. In 1945 approximately 300 districts were sufficiently active so that records could be obtained. About 225 of these districts could be considered actively engaged in drainage. In parishes such as Lafourche literally dozens of drainage organizations have been created, abolished, or reorganized in such profusion that it is all but impossible to trace the history of their attempts at land drainage. Under state laws, drainage districts have the power to levy drainage taxes and police the structures which they build, usually with funds obtained from selling bonds based upon the taxing power of the district and ultimately upon the value of the land in the district.

These small[2] local districts, each operating as an independent unit of government, have brought drainage facilities to about 4,200,000 acres of alluvial and prairie land.[3] As many of these facilities were established in the early 1900's and have not been kept in repair, it is doubtful if more than 2 of the 4 million acres in districts have been drained sufficiently for crops.[4] The lowland area suffi-

[2] Some districts embrace as much as 30 to 40 thousand acres but a great many contain only one or two thousand and many only a few hundred acres or less.

[3] Probably 6.5 million acres have been included in drainage districts in Louisiana but many districts failed to carry out drainage programs.

[4] In June 1941 the Louisiana State Land Use Planning Committee estimated that not over a fourth of the land in districts, or 1,556,552 acres, had been sufficiently drained for crops. This is considerably less than the 1940 Census figure of 3,172,725 acres in districts actually drained for crops. The census figure is generally considered high.

ciently drained for crops is about one-fifth of the total area of alluvial valley and prairie land in Louisiana. It is generally believed by engineers and agriculturists that drainage can be brought to many additional acres, particularly in the Mississippi alluvial valley, once drainage works are rebuilt and extended. There is, however, considerable difference of opinion on the actual acreage of economically reclaimable land, as will be shown below.

The fact that each drainage district was created to meet a particular problem precluded planning over-all unified systems of drainage on a natural watershed basis. Today the patchwork of local districts is seen to be a wholly inadequate approach to both the physical and social aspects of land drainage in Louisiana. In the past the fact that many drainage districts had large outstanding debts has made it almost impossible to consider a reorganization program. About $20 million has been invested in drainage works in Louisiana by locally organized drainage districts.[5] Interest paid on this sum runs the total cost well over $35 million. During the depression of the 1930's many of the bonds sold to raise this capital were in default. Through various refinancing programs, some of them arranged by the Reconstruction Finance Corporation, the outstanding bonded debt of drainage districts in Louisiana has been reduced to less than $7 million. Considerable interest on drainage debt is outstanding, particularly on debts of inactive districts.[6] Current high farm incomes are making it possible to retire the remaining debt as rapidly as is legally possible. Very few active districts are in default on payment of principal and interest on bonds. The fact that local drainage debts will soon be liquidated means that there is now an opportunity to plan for future drainage work. It was this opportunity plus the desire to increase the agricultural income of Louisiana which brought into being the plan for active state participation in drainage work outlined below.

II

The Louisiana state-wide drainage project is being carried out by the Department of Public Works.[7] The planning and engineering staff of this agency has made a generalized survey of existing drainage facilities and an estimate of those needed to drain present farm areas properly and provide new land. It is now assisting the parishes in consolidating the existing drainage districts and working out needed rehabilitation and enlargement plans. Where districts have outstanding drainage debts, these are assumed by the parish government. In the

[5] To this figure private expenditures of many millions must be added to arrive at the total cost of drainage works. Also, levee boards and other organizations have spent considerable money which directly or indirectly influenced land drainage structures.

[6] Apparently many of these debts will never be paid.

[7] The Department of Public Works of the state of Louisiana was created in 1940 by Act 47 of the state legislature. Activities formerly carried out by the following agencies were consolidated in this new department: State Planning Commission, Louisiana Housing Commission, Board of State Engineers, Aeronautics Commission, Board of Control of the New Basin Canal and Shell Road, Louisiana Flood Control Commission, and the Louisiana Drainage Rights Commission. Functions of the Department of Public Works are carried out under the supervision of a director, counseled by a three-man advisory board.

Mississippi alluvial valley and in the prairies the parish will become the legal unit for financing and managing drainage works. For the narrow alluvial valley of the Red River, where parishes contain considerable acreage of upland, the levee districts will be used as the legal body for carrying out drainage works. The state legislature at the special session in 1945 appropriated $5,000,000 for the State Department of Public Works to use in assisting the parishes in reorganising and extending drainage facilities.

In the Biennial Report of the Department of Public Works for 1944–45, the following procedure for carrying out the drainage program was outlined:

1. The parish police jury [or the board of levee commissioners, in areas along the Red River] passes a formal resolution requesting that a survey and estimate of cost of drainage needs of the parish be made by the Department.
2. The preliminary survey is made by the Department in collaboration with the police jurors [corresponding to county commissioners in other states], and an estimate of the cost of new work, total obligations of [existing] drainage districts, and annual amounts required for maintenance is prepared.
3. The estimate of the cost [including the debts of old districts which must be assumed by the parish] is presented to the jury with a statement as to the amount of financial aid which can be given by the state.
4. If the police jury desires to proceed with the work as estimated, an election is called for a bond issue to take care of the parish's proportion of the cost and for an annual tax for maintenance.
5. If these propositions are voted upon favorably, construction proceeds under contract let by the police jury with engineering and supervision of construction furnished by the Department of Public Works.
6. Maintenance of completed channels on a parish-wide basis is provided by the jury through use of the maintenance fund.

While the parishes or levee districts are certainly not the ideal physical basis for planning drainage works, they are strong political entities and a reorganization which did not include them would at the present time have little chance of public acceptance in Louisiana or other southern states.[8] The assumption, by the parishes, of the outstanding debts and other responsibilities of local drainage districts will greatly reduce the number of political units working with drainage, and should enable the Department of Public Works to supervise the new drainage engineering with the definite aim of designing parish plans so that they will operate as part of an integrated drainage system for the state. The fact that state funds are available to assist in carrying out the program makes it possible for parishes situated in the lower areas to undertake construction of channels ade-

[8] It has long been the ambition of Louisiana drainage engineers to organise all work upon a natural watershed basis. "Viewed from the standpoint of common interest, the principal basins in the State that suggest themselves for consideration in matters of public drainage are, in the opinion of the Board of State Engineers, as well defined as the levee districts and the formulation of plans for drainage for the State at large, without giving careful and exhaustive thought to the geographical and topographical unity and relation of these basins, can hardly be expected to prove ultimately comprehensive and satisfactory." (From *Biennial Report*, Louisiana Board of State Engineers, 1906–1908, p. 64.)

quate for handling drainage water entering the parish from higher-lying lands. The haphazard dumping of water from one district to another, so familiar a feature of the present system, will thus be avoided, provided there is full cooperation from the several parishes. The success of the program clearly depends upon obtaining a high level of cooperation among the parishes. It should be noted that the parishes are, under the law, free to accept or reject the program.

In order that adequate major drainage outlets may be obtained, the Louisiana Department of Public Works has persistently investigated the possibilities for obtaining federal aid in clearing and enlarging the major streams and bayous which carry surface water to the Gulf. As the department is also in charge of the state's levee program, it has well-established connections with the U. S. Engineers and the Mississippi River Commission. State funds have been set aside for matching federal appropriations for work on major drainage outlets. The Department of Public Works, acting through Louisiana's congressional delegation, was instrumental in having included in the federal Flood Control Act of December 22, 1944, a provision defining the words "flood control" as including "major drainage improvements."[9] This act opened a large and important aspect of reclamation to the U. S. Engineers. In Louisiana the State Department of Public Works clearly expects to serve as a coordinating agency between local and federal activities.

The U. S. Soil Conservation Service has also entered the drainage picture in Louisiana. The work of this agency is largely carried out through soil conservation districts. These districts (which do not have the power to tax, but do have other important governmental powers) have been established throughout the alluvial and prairie areas. The few parishes not now included in districts will probably be organized in the near future. Most of the work of the Soil Conservation Service is on-farm drainage planning. Conservation districts may, however, engage in the construction of larger interfarm drains, using equipment owned by the district or loaned to it by the government.[10] The fact that the state government is sponsoring parish-wide drainage at the same time the soil conservation districts (many of which are set up to include one or more parishes) are engaged in large-scale drainage planning has led to some confusion of thinking in local circles and some friction on administrative and policy levels. The drainage program of the Soil Conservation Service, however, depends for the most part on the state and other federal programs for its success.

The possibility of working out an efficient and acceptable division of effort among local, state, and federal programs is one of the important features of the Louisiana state-wide drainage plan. In operating chiefly as a planning and advisory agency, but provided with a sizeable budget for facilitating local reorganizations and promoting and augmenting federal projects, the Department of Public Works is setting a new pattern for other states to consider.

[9] Cf. Public Law 534, 78th Cong. Also see *Biennial Report*, Dept. of Public Works, State of Louisiana, 1944–45.

[10] Some surplus war equipment useful in drainage construction was made available to the Soil Conservation Service.

III

Reorganization of the planning and engineering functions of the state pertaining to land affairs and the establishment of the Department of Public Works was a mere beginning toward reorganizing drainage works. The parishes had to be convinced of the soundness of the project, a task which is not yet completed. Such quasi-political groups as the Louisiana Farm Bureau were to be consulted, and the support of the State Agricultural College sought. Further, the tangled drainage laws made it difficult to know what could legally be done where drainage debts were outstanding. It seemed certain that drainage would have to be organized with the parish as the chief political unit, yet, peculiarly enough, the drainage laws made it illegal to form a parish-wide drainage district. There was also some doubt as to whether the state constitution permitted the assumption by the parish of the outstanding debts of special improvement districts.

While basic changes in legislation were being planned, it was possible to go ahead with parish-wide drainage reorganizations by leaving out the word "drainage" in the reorganization plans. For example, parish-wide "improvement bonds," not "drainage bonds," were issued. The question of the right of the parishes to assume the debt of local improvement districts was cleared up late in 1946 by amending the Louisiana constitution.[11]

Early in their investigations the Department of Public Works decided on two types of surveys. In areas of gentle slope, which have been partially developed by means of major drainage outlets and lateral ditches, detailed drainage reorganization and expansion plans are worked out at the request of the parish police juries as outlined above. In areas which have not been developed, generalized or preliminary surveys are made to determine the character of the drainage works required.

In 1941 work was begun in Lafayette Parish on the first of the detailed parish-wide plans. Considerable drainage work had been done in Lafayette Parish by independent drainage districts, most of which had been organized between 1910 and 1920. Six districts active in Lafayette Parish had issued $247,750 in drainage bonds, of which $71,400 were outstanding on May 1, 1941. Some $180,383 in interest had been paid on this debt to May 1, 1941. Unmatured interest amounted to about $18,000. The five drainage districts levying taxes in 1941 set rates from 3 to 11 mills; probably the average drainage millage tax for the parish was 5½ mills.[12] Unfortunately, these drainage districts did not provide for a maintenance fund. Consequently, the drainage system built some 25 years ago was badly deteriorated.

In October 1941, a public election was held and a $500,000 parish improvement bond issue authorized. About $350,000 of this issue was to be used to finance a drainage rehabilitation program, the parish assuming the outstanding obligations of the old drainage districts.[13] The bonds were sold at an average interest rate

[11] Cf. proposed constitutional amendments to be voted on at General Election to be held Nov. 5, 1946, Secretary of State, Baton Rouge, La., p. 4.

[12] Cf. First Progress Report, Dept. of Public Works 1940–41, Baton Rouge, La., pp. 30–31.

[13] The remainder of the $500,000 bond issue was to be used to build an airport.

of about 1.9 per cent per year.[14] The state contributed about $125,000 to drainage work in Lafayette Parish.

While the detailed, parish-wide type of survey was being done in Lafayette Parish and being planned for other parishes, the more general type of drainage reconnaissance was being made in the northeast delta area of Louisiana. In this area:

> ... Investigations were made by the Department of Public Works to determine what major improvements would be needed in a drainage program covering the area between the Ouachita and Mississippi Rivers in the parishes of East Carroll, West Carroll, Morehouse, Ouachita, Richland, Franklin, Madison, Tensas, Concordia, Catahoula and Caldwell. Estimates were confined to the amount of work necessary on the major streams and the benefits to be derived from the proposed improvements.
>
> It was recommended that all of the people of the area be informed about the proposed program and that a united effort be made to secure congressional appropriations for work on the four principal streams—the Boeuf, Tensas, Macon, and Cocodrie. These streams drain approximately 3,500,000 acres of fertile land, of which something like 35 percent is now in cultivation. With proper drainage practically all the lands of this vast area can and will be cultivated, thus providing homes and livelihood for many thousands of families. ...[15]

In April 1941, the Department of Public Works called a public hearing in Monroe, Louisiana, for the purpose of giving interested citizens a chance to suggest means of organizing a drainage improvement group. As a result of this meeting the Northeast Louisiana Drainage Association was formed. This organization, made up of representatives from each parish, is working to obtain drainage assistance from both state and federal agencies. Much of the progress of the State Department of Public Works in obtaining federal help on major drainage streams can be traced to the activities of associations and groups such as the Northeast Louisiana Drainage Association.

Since very little construction work could be undertaken during the war, efforts toward drainage reorganization were largely in the nature of planning. A series of news releases by Governor Jones outlining the scope and importance of the proposed program were instrumental in gaining the interest of many city groups.

In a statement released on January 10, 1944, Governor Jones said:

> The plan is state-wide and is calculated to drain and improve 11 million acres of delta and prairie lands. It will cost 15 million dollars to complete but will save farmers 25 million dollars annually in present losses on growing crops and will add a minimum of $240,000,000 to the value of the present and potential farm land. The benefits will extend into 47 of the 64 parishes and will affect 50 percent of the state's total population. And finally it is calculated that it will ultimately result in doubling the State's farm income... And when we consider that we can provide new farms and homes, of a substantial nature for twenty thousand new farmers it presents a thrilling prospect never before presented to our people. We have, in fact, the greatest undeveloped agricultural frontier in all America. ...

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[14] First Progress Report, *op. cit.*, p. 33.

[15] *Ibid.*, p. 35.

Some eight million acres of farm land (as distinguished from land in crops) will be improved. In addition some three million acres will be added to the presently cultivated crop lands. When it is considered that the present total of cultivated crop lands for the entire state is six million acres this will constitute an increase of 50 percent. . . . The plans for financing call for five million dollars from the State's treasury. The plan (also) calls for five million dollars from the Federal treasury. . . . The plan provides that local parishes and areas contribute one-third the cost within these areas. In view of the fact that most of these areas have already contributed millions of dollars to drainage it is felt that they should not have to pay the full bill.

TABLE 1

Estimated improvements expected from state-sponsored drainage programs: as publicized by Governor Jones and published by the Louisiana Department of Public Works[a]

AREAS	APPROXIMATE AREA	ACREAGE NOW IN CROPS	ESTIMATED NEW CROP LAND WHICH DRAINAGE WILL MAKE POSSIBLE	VALUE OF NEW CROP LAND RESULTING FROM DRAINAGE	VALUE OF DRAINAGE IMPROVEMENTS TO ESTABLISHED FARM AREAS
	Acres	*Acres*	*Acres*	*Dollars*	*Dollars*
Northeast Louisiana Delta[b]	4,000,000	900,000	1,500,000	60,000,000	60,000,000
South Delta[c]	3,800,000	867,000	670,000	24,000,000	24,000,000
The Red River Delta[d]	1,300,000	666,000	280,000	15,000,000	15,000,000
Prairie of Southwest Louisiana[e]	3,000,000	2,000,000	300,000	10,500,000	10,500,000
Total	12,100,000	4,433,000	2,750,000	109,500,000	109,500,000

[a] These estimates should be compared with results of survey made by the Soil Conservation Service and other agencies (see Table 2).

[b] Includes the following parishes: Morehouse, East Carroll, West Carroll, Richland, Madison, Franklin, Tensas, Concordia, Ouachita, Caldwell, Catahoula, LaSalle, and Union.

[c] Includes the following parishes: Avoyelles, St. Landry, West Feliciana, West Baton Rouge, St. Martin, Iberville, East Baton Rouge, Iberia, St. Mary, Assumption, Lafourche, Ascension, Terrebonne, St. James, St. John, St. Charles, Jefferson, Pointe Coupee.

[d] Includes the following parishes: Caddo, Rapides, Grant, Winn, Natchitoches, DeSoto, Bossier, Red River.

[e] Includes the following parishes: Acadia, St. Martin, *St. Landry, *Iberia, *Lafayette, Vermilion, Evangeline, Allen, Beauregard, Calcasieu, Cameron, Jefferson Davis. (* Overlap.)

Source: All data from press releases of Governor Jones, prepared by Louisiana State Department of Public Works. Cf. *Biennial Report*, Department of Public Works, State of Louisiana, 1942–43, pp. 89–90.

Planning and publicity for the drainage program is being carried out on an area basis. Four geographical divisions are used: Northeast Delta, South Delta, Red River Delta, and Southwest Prairies. Table 1 outlines the improvements state officials estimate the drainage program will make possible in these four broad areas. These estimates are rather optimistic as will be shown below when they are compared with more detailed estimates of the land reclaimable by drainage made by the Soil Conversation Service and other agencies.

The news releases of the Governor were well received. Dean J. G. Lee, Jr.,

of the Louisiana State College of Agriculture, said: "It is my opinion that this program would add in income to the existing farms in the area easily a total of from $15,000,000 to $20,000,000 annually and would speed up [clearing] new, large alluvial lands to the extent of furnishing around 35,000 additional farms at 160 acres per farm, the cash income from which would amount to, on a conservative estimate, $75,000,000 or more per year."[16] Numerous other public servants and interested citizens endorsed the program.

IV

Drainage plans have been approved, bond issues floated, and work is now in progress in West Carroll, Morehouse, Madison, Richland, Franklin, Avoyelles, Pointe Coupee, West Baton Rouge, and Lafayette Parishes. Work is also under way in Red River-Bayou Pierre Levee and Drainage District, Bossie Levee District, and Caddo Levee District. Construction work will probably start soon in Washington and St. Martin Parishes. Surveys are completed or nearing completion in most of the alluvial parishes in the Mississippi Valley and in the levee districts along the Red River. Considerable progress is also being made in the prairies.

State officials feel that the program has made reasonable progress and that eventually all parishes will join in the effort. In the highly developed parishes where considerable work has already been done in drainage by independent districts, the state is bearing about 40 per cent of the costs; local bond issues cover the remaining 60 per cent. In the alluvial parishes of northeast Louisiana where the ratio of developed to undeveloped land is low, the state is making a somewhat heavier contribution to drainage engineering and construction costs. In Morehouse, Richland, and Franklin Parishes the total cost has been estimated at $400,000. The state will bear $250,000 to $300,000 of this. In West Carroll and Ouachita Parishes, where the total costs approach $300,000, the state will give about $200,000 in aid. Similar relationships exist for the other parishes of northeast Louisiana.

A number of features of the state-wide drainage program have been used as selling points in introducing the plan to farm people. Probably the most important of these is that the proposed parish-wide tax for drainage will be subject to the homestead exemption laws. This means that the owners of small farms or city lots under $2,000 in value will not bear the cost of drainage. Farmers see some relief from drainage cost in the fact that a general tax will fall upon urban property. Under the plan it is clear that nonfarm people will bear a considerable part of the tax. In the case of Lafayette Parish about half the drainage costs will be assessed against property in the city of Lafayette. The generous contributions of the state government have appealed to local interests in many cases. Provisions for engineering supervision by the State Department of Public Works have generally been well received. Provisions for maintenance are also popular as lack of care is a widely recognized cause of failure in past drainage efforts.

[16] Letter from J. G. Lee, Jr., to Gov. Sam Houston Jones, released Jan. 10, 1944.

The state plan for drainage has met considerable opposition in certain parishes, some of which have registered negative votes against undertaking the program outlined by state officials. Citizens of St. Landry and St. Mary Parishes have voted against the program.[17] Iberville Parish voters have twice turned the program down. Reasons for opposing the program are rather complex. They involve the general unwillingness of rural people to vote new tax levees and bond issues, uncertainty concerning the engineering plan, defense of the current method of handling drainage, and lack of knowledge concerning the program of other agencies doing drainage work. To these should be added the traditional independence of the parish governments and their unwillingness to become involved in a state program of any kind.

The fact that some parishes may not join in the effort will limit the effectiveness of the entire drainage effort. All parishes must pariticpate, particularly all alluvial parishes, if successful drainage reclamation is to be accomplished. Work in Avoyelles Parish will be of limited value unless outlets through St. Landry are prepared. Similarly Pointe Coupee and West Baton Rouge Parishes are seeking drainage outlets through Iberville Parish. Unpleasant parish line controversies may soon arise. It was hoped that the state-sponsored drainage works would be free from such frictions. The outcome is now uncertain.

What can now be said of the progress toward drainage of new land and improvement of old so hopefully outlined by Governor Jones six years ago? The details are not yet known, but it now seems certain that the program will make available only a fraction of the new crop land predicted. In southern Louisiana there is little reason to expect much new crop land from gravity drainage operations.[18] Drainage operations, however, can easily be justified on the basis of improvements in established farm areas. In northeast Louisiana the stream clearance program of the U. S. Engineers and the major lateral works of the State Department of Public Works will, when completed, make considerable new land available for farming. Progress here, however, will be slower than many have imagined.

The Soil Conservation Service has just completed a reconnaissance drainage survey for Louisiana to determine the location and extent of areas which need drainage and are feasibly located and otherwise suited for drainage.[19] Table 2 contains the state summary of this study. Of the 18,070,872 acres in the drainage problem area 6,768,177 acres not now adequately drained were found feasible for drainage. An almost equal acreage was found unsuited for drainage, exclusive of the 3,920,961 acres in Gulf marshland. The data shows conclusively that drainage works must be justified in a large part on improvements to land now in

[17] Negative votes in the first election do not mean that these parishes will not enter the program at a later date, when new elections are held.

[18] Pump drainage projects have often been tried in lower Louisiana. For the most part they have proved prohibitively expensive. There is, however, considerable current activity in the field of pump drainage.

[19] This survey was begun in 1942 by the Engineering Division of the Soil Conservation Service and completed by the Water Conservation Division in November 1945. The completed survey covers four states: Arkansas, Louisiana, Texas, and Oklahoma.

cultivation but needing better drainage rather than on the development of new lands for crops.

TABLE 2

Reconnaissance drainage data, state of Louisiana, 1946

ITEM	ACRES
Drainage Problem Areas[a]	
In cultivation	4,702,500
In woods	5,371,112
In pasture	7,997,260
Total	18,070,872
Area Not Requiring Drainage[b]	
In cultivation	523,342
In pasture	117,941
In woods	350,772
Total	992,055
Area in Marsh[c]	
Total	3,920,961[d]
Area Not Feasible for Drainage[e]	
In cultivation	167,740
In pasture	506,630
In woods	5,733,301
Total	6,407,679
Area Feasible for Drainage[f]	
In cultivation	3,998,968
In pasture	856,022
In woods	1,913,187
Total	6,768,177

[a] This heading includes all areas having major surface drainage problems.

[b] The soil profile, the slope of the land, and climate are examples of factors which enter into determination of soils which do not require drainage. This classification includes permeable and freely permeable soils and all slopes exceeding 1 per cent.

[c] Includes only treeless, open marsh adjacent to the Gulf of Mexico; not considered feasible for drainage although some areas have been drained by means of pump.

[d] This figure includes 12,143 acres of drained cultivated marsh.

[e] Most of the areas included under this heading are bottomlands not considered feasible for drainage *under present conditions* because of frequency or duration of overflow, or because of their elevation in relation to existing outlets. As such lands are protected from overflow by the construction of dams or levees, or as adequate major outlets are provided, they will become feasible for drainage.

[f] Includes lands not heretofore drained but feasible for drainage and lands now drained but needing improved drainage; most of these areas have received some degree of drainage. Includes some soils which, after drainage, will be suitable only for rice production or use as pasture.

Source: Reconnaissance Drainage Survey—Region 4. Soil Conservation Service, Jan. 30, 1947.

Table 3 presents data from the Soil Conservation Service study grouped by the approximate areas shown in Table 1. In all areas, northeast Louisiana, south Louisiana delta, Red River delta, and prairies, land in cultivation requiring additional drainage exceeds the combined acreage of pasture and woods suitable

for drainage. Since pastures are badly needed throughout it is likely that any increase there may be in crop land will have to come from clearing woods. This clearing is now going on and will take place for a quarter of a century or more. On the basis of these considerations, the estimates prepared by the Louisiana Department of Public Works of new crop land which drainage will make possible seem somewhat optimistic. In any case it will take several years for the benefits of drainage in undeveloped areas to be realized in earning power of the land. Benefits to already cleared and farmed areas must support the program in its early stages. This should not, however, obscure the very great long-term implications in the drainage work going on under the several state and federal agencies.

TABLE 8

Areas feasible for drainage in Louisiana, and selected subareas, 1947

ITEM	LOUISIANA (STATE TOTAL)	NORTHEAST LOUISIANA DELTA[a]	SOUTH LOUISIANA DELTA[b]	RED RIVER DELTA—IN LOUISIANA[c]	SOUTHWEST LOUISIANA PRAIRIES[d]
	Acres	*Acres*	*Acres*	*Acres*	*Acres*
Area Feasible for Drainage[e]					
In cultivation	3,998,968	888,529	1,218,855	394,531	1,105,587
In pasture	856,022	12,609	256,825	76,450	366,697
In woods	1,913,187	860,917	474,714	174,097	139,984
Total	6,768,177	1,762,145	1,950,394	645,078	1,612,268

[a] Includes the following parishes: Morehouse, East Carroll, West Carroll, Richland, Madison, Franklin, Tensas, Concordia, Ouachita, Caldwell, Catahoula, LaSalle, and Union.

[b] Includes the following parishes: Avoyelles, St. Landry, West Feliciana, West Baton Rouge, St. Martin, Iberville, East Baton Rouge, Iberia, St. Mary, Assumption, Lafourche, Ascension, Terrebonne, St. James, St. John, St. Charles, Jefferson, and Pointe Coupee.

[c] Includes the following parishes: Caddo, Rapides, Grant, Winn, Natchitoches, DeSoto, Bossier, and Red River.

[d] Includes the following parishes: Acadia, Lafayette, Vermilion, Evangeline, Allen, Beauregard, Calcasieu, Cameron, and Jefferson Davis.

[e] Includes lands not drained heretofore, but feasible for drainage and lands now drained but needing improved drainage; most of these areas have received some degree of drainage. Includes some soils which will be suitable only for rice production or use as pasture.

Source: Drainage Reconnaissance Survey, Soil Conservation Service, Jan. 1947.

V

No act of Congress has ever authorized the use of flood control or navigation funds for local drainage work. The responsibility of the United States to provide for intercepted drainage resulting from flood control works was first recognized by the Flood Control Act of June 15, 1936, sometimes called the Overton Act. Several other flood control acts, as that of July 24, 1946, restated this obligation. The Flood Control Act of December 22, 1944, contained the following definition: "That the words 'flood control' as used in section 1 of the Act of June 22, 1936, shall be construed to include channel and major drainage improvements . . ."[20]

[20] Cf. Public Law 534, 78th Cong., 2d sess., sec. 2.

The Flood Control Act of December 22, 1944, also authorized preliminary examination and surveys for flood control, rice irrigation, navigation, pollution, salt intrusion, and drainage on all streams and bayous in south Louisiana, west of the Atchafalaya basin protection levee, south of the latitude of Boyce; on all streams and bayous between the east Atchafalaya basin protection levee and the Mississippi River; and on the Amite River and tributaries.

While drainage improvements are not a major interest of the U. S. Engineers, many of the current projects have a direct bearing on the future of drainage works in Louisiana. Decisions of the Engineers involving artificial cut-offs on the Mississippi River, abandonment of the Eudora floodway, substitution of the Morganza floodway for the upper part of the Atchafalaya floodway, and the construction of reservoirs in the Yazoo basin have greatly changed the drainage picture for Louisiana farmers. Further stream improvements by the U. S. Engineers now in progress on the Tensas, Cocodrie, Boeuf, Lafourche, Rapides, Teche, Vermilion, and Mermentau Rivers are of great benefit to drainage while being integral parts of the general flood control plan.[21]

Development of the drainage program of the Louisiana State Department of Public Works and the growing program of the U. S. Soil Conservation Service (and related districts) has greatly increased the need for enlargement of the major drainage outlets. The work of the U. S. Engineers on navigable streams holds some promise that major drainage outlet improvements will be provided. The work now going on will make it possible to drain substantial acres of alluvial land formerly too wet for crops. However, it is important to recognize that the program of the U. S. Engineers is not essentially a drainage program. The Engineers have reiterated this important point on many occasions. Col. L. B. Gallagher, Corps of Engineers, New Orleans District, speaking in Baton Rouge in February 1947 to the Annual Meeting of Louisiana Soil and Water Conservation District Supervisors, emphasized that flood control comes first with the U. S. Engineers and that while considerable of their work is of advantage to drainage interests, no act of Congress specifies that flood control funds should be spent for local drainage work. The Engineers are doubtless anxious to be of as much assistance in drainage affairs as the law allows.

At the present time the planning of intermediate and farm drainage by the state and federal agencies is probably proceeding more rapidly than the work of the Engineers on major stream outlets would justify. A Presidential order in late 1946 froze many of the funds used by the U. S. Engineers. The rate of future stream improvement work is somewhat uncertain.

The necessity for work on major drainage channels, whether they are navigable streams or not, makes it important that the Congress clarify as soon as possible the position of the United States in regard to the work of the U. S. Engineers on drainage. The present laws contain scattered references to drainage work which are likely to be misleading. For the most part these fragmentary statements of of policy tie drainage work closely to established flood control and navigation programs. However, many misunderstandings would be avoided by a detailed

[21] Work on other Louisiana streams is planned.

statement of policy on drainage work. For drainage to be carried out under the name of navigation or flood control as flood control was for years carried out under the name of navigation would be indeed unfortunate. Much of the stimulus for valley authorities has come from groups who fail to find a wholesome integration between the works of existing agencies. If the U. S. Engineers are to take an active part in drainage programs, legislation governing this activity should be specific.

Doubtless there will be much pressure on both the Engineers and the Mississippi River Commission to make a liberal interpretation of those sections of the present flood control and navigation acts which relate to drainage. It would, therefore, be desirable for the Mississippi River Commission (with the help of the several district engineers) to define as accurately as possible the scope which they believe drainage work of the Engineers can legally take. For example, section 2 of Public Law 534 refers to major drainage improvements, and states that the words "flood control" should be construed to include this type of activity. The meaning of the terms "major drainage improvements" becomes of great importance. Definitions are necessary. The development of objective criteria governing work to be done will eliminate many uncertainties and forestall planning of doubtful projects.

The success of the Louisiana state-sponsored drainage program depends to a large degree on the execution of stream clearance activities of the U. S. Engineers. The Louisiana state government has done all in its power to interest the United States in stream improvement work in Louisiana. There is no doubt that the drainage program of the State Department of Public Works has had considerable influence on the formation of plans of the U. S. Engineers. It is reasonable to expect that the Engineers will take an increasing interest in drainage and it is therefore of the greatest importance that the public understand the nature of their job, what it costs, and what can be expected in terms of public benefits.

VI

The Louisiana Soil Conservation District law was passed in 1938 (Act 310). Two other acts have been passed to augment soil conservation work in Louisiana —Act No. 87 of 1944 and Act 137 of 1946. These acts appropriated money to be used by the soil conservation districts. Act 137 provided $500,000 for use by conservation districts between July 1, 1946, and June 30, 1948. Section 2 of this act states: "The sums of money appropriated in this act may be expended by the State Soil Conservation Committee[22] in Soil Conservation Districts to purchase, operate and maintain erosion control and drainage equipment; to direct the placement, use, operation and maintenance of erosion control and drainage

[22] The Louisiana State Soil Conservation Committee is composed of the following ex-officio members: dean of the College of Agriculture of Louisiana State University and dean of the Agricultural and Mechanical College; the director of the State Agricultural Extension Service; and the director of the State Agricultural Experiment Station. The committee may appoint one person recommended by the Secretary of Agriculture of the United States to serve as a member of the committee.

equipment; to employ assistants to the District Supervisors exclusive of administrative overhead; and to provide the necessary printing and office supplies exclusive of furniture, fixtures and equipment." Funds under this act are divided among the districts using a formula which gives equal weight to the number of acres and the number of farms in the district.

In the last three years the Soil Conservation Service, United States Department of Agriculture, has greatly expanded its drainage activities in Louisiana. Some drainage work had been carried out previously in the river bottom areas of the upland parishes, but soil conservation districts had not been organized in the alluvial areas of northeast Louisiana, in the south delta, or in the northwest prairies. Soil conservation districts now encompass all the alluvial area north of the Red River and almost all of the southern alluvial and prairie areas.

Drainage work in most districts is just getting under way. The limited technical staff now available has not been able to meet the requests for detailed farm drainage plans. Equipment is also limited. The on-farm drainage planning of the Soil Conservation Service must be limited to those areas with satisfactory drainage outlets. As the program of the State Department of Public Works and that of the U. S. Engineers expands, new areas suitable for intensive planning will be opened. There is now a real danger that the drainage plans of the Soil Conservation Service will develop more rapidly than the engineering on major outlets warrants. Even where farms have reasonably adequate drainage outlets it is not desirable to plan new drainage systems in advance of certain knowledge of the routes to be followed by major laterals. Some plantations in northeast Louisiana which have had drainage systems for many years will have to fill the old ditches in and design new ones when the effects of the stream clearance and lateral canal program of the U. S. Engineers and the State Department of Public Works is completed.

Apparently most of the drainage work carried out by the soil conservation districts will be confined to farm laterals or at least to the smaller interfarm drains. There is, however, no prohibition upon districts engaging in large terminal drainage projects. Soil conservation districts in Arkansas, for example, are now attempting some large engineering jobs. The presence of the terminal drainage program of the State Department of Public Works makes it doubtful if the Soil Conservation Service should encourage districts to undertake terminal drainage engineering. The parish-wide improvement districts sponsored by the state have taxing powers and are therefore somewhat better suited to do the costly terminal drainage job. There has been a good deal of confusion among farmers concerning the proper place of the soil conservation district drainage program and the state-sponsored program. This is particularly true in areas where both programs are just getting started. Parishes which do not join in the state program may feel it to their advantage to use the soil conservation districts to extend drainage channels through their jurisdiction. For example, voters in Iberville Parish have twice rejected the parish-wide program of the Department of Public Works. Yet Pointe Coupee and West Baton Rouge Parishes to the north of Iberville have accepted the state program and are constructing drains

which will take drainage waters to the Iberville Parish boundary. Soil conservation districts may be used to meet this situation.

The success of the Louisiana drainage program depends to a large degree upon the support and active cooperation of the several conservation districts. Similarly, the program of the districts can be made more fruitful if the parishes succeed in carrying out major drainage work. Doubtless there will be times when the two programs will be in conflict on minor points but it is important that minor differences not assume sufficient importance to impede either program. Leaders of the soil conservation district program should declare their policy toward terminal drainage once the state-sponsored program is announced in respective parishes. Soil conservation leaders can do much to make the state program a success. In keeping to a minimum the costly parish-line controversies, they will be furthering the general welfare. The attitude soil conservation district officials will adopt to the state program is not yet clear, since most of the districts in the alluvial parishes are just being set up.

VII

The Bureau of Reclamation of the Department of the Interior has expressed some interest in drainage reclamation work, particularly in areas where combination irrigation and drainage system could be installed. Reclamation of coastal marsh areas by means of pump has also been one of their interests. In recent sessions of Congress, bills proposing to move the official territory of the Bureau of Reclamation to the east to include the Mississippi Valley states have been introduced. None has passed.

Development of valley authorities has been widely discussed as a means of coordinating reclamation work in the Mississippi Valley. The agencies working in the valley have generally opposed the establishment of an authority. The successful coordination of the work of independent agencies would probably eliminate the need and lessen the public desire for such authorities.

VIII

Like all government-sponsored programs, the Louisiana drainage program is in many respects a political program. Its success depends upon continued political support. Political support on the other hand can be assured only by developing a program which will gain popular support. These are the upper and lower stones of the grist mill. Between them the State Department of Public Works has the difficult task of developing a state-wide program in the field of drainage which has for generations been handled by local interests, who now jealously guard their prerogatives. Fortunately, Governor Davis has furthered most of the plans laid out during the administration of Governor Jones. If the state drainage program is to be carried to successful completion it must have the active encouragement of the next governor and legislature. The fact that drainage costs are to be borne largely by the larger landholders and city dwellers will certainly result in a high degree of class consciousness in Louisiana drainage affairs. In the past, planter management of drainage activities has frequently

led to the development of many localized centers for the management of drainage activities and a struggle for power between rural local groups. If this wasteful attrition is to be avoided in the future, the coordinating agency will have to wield considerable power.

Not all the effort can come from the state level. If the desired and essential coordination between parishes is to be achieved, and the availability of state funds for aiding the parishes should encourage this, the police juries and leading citizens must act with a high degree of foresight, good will, and political objectivity. At many stages in the history of drainage in Louisiana the police juries have failed to perform as responsible managers. In fact, throughout the Mississippi alluvial valley there is widespread public disillusionment with drainage officials. The old Louisiana law prohibiting parish-wide drainage is illustrative of public distrust and disillusionment with the way drainage affairs were managed. As stated above, considerable educational work has been required to get the state drainage program to its present stage; much more, from all levels of government, will be required to make it a success.

Successful drainage planning requires a high degree of interstate cooperation. This is particularly true of states in the Mississippi Valley. Interstate feuds over drainage problems have characterized past efforts. The presence of a strong state agency interested in drainage should do much to eliminate these frictions, which were often intensified by the inability of local drainage officials to deal with the problems of terminal drainage. Louisiana has for a considerable number of years cooperated with Arkansas on flood control work. Tensas Basin Levee District, for example, contributes substantial sums to the building and repair of levees on the Arkansas and Mississippi Rivers in Arkansas where crevasses would flood land in Louisiana. The presence of strong federal agencies working with flood control problems has tended to result in better cooperation between states on this task. Perhaps the development of federal interest in drainage will have a similar effect. The outlook for interstate cooperation on water problems is brighter than it has been for years.

The fact that several agencies are simultaneously carrying out drainage programs has resulted in some confusion among local people concerning the function of each agency. The success of the program of the State Department of Public Works requires an informed public familiar with the several programs and the purposes and methods of each agency. An essential step in bringing about this popular appreciation of the place of the several active drainage programs is the formation on administrative and policy levels of definite program objectives which can be widely publicized. Not only will this perform the useful function of informing citizens, but will prevent duplication of services which may lead to interagency misunderstanding.

As the drainage program progresses, it becomes clear that only in certain selected areas will it make new crop land available. For the most part the program must be justified by the improvements it brings to established communities. The established rural communities will have to work willingly with the state if the drainage program now under way is to succeed.

TRENDS IN THE PER CAPITA CONSUMPTION OF FOODS IN THE UNITED STATES SINCE 1920

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I

Nothing concerns the health of a people more fundamentally than an adequate, well-balanced food supply, which we in the United States have, thanks to the world's most scientific and efficient agriculture. But the rest of the world, by and large, is not so fortunate. An inadequate volume of low quality, starchy foods is the lot of the great mass of mankind today.

Before World War II, 17 per cent of the average annual diet in Europe was represented by the expensive highly nutritious meat, eggs, and milk; in Asia, 3 per cent; and in the United States, 25 per cent[1] plus a more favorable ratio of the vitamin foods, fruits and vegetables. Since about seven pounds[2] of feed are required to produce a pound, compositely, of meat, eggs, and milk, the proportion of total food requirements represented by these products stands as security against starvation. Only a small part of the feed thus required would be satisfactory for human food under very serious conditions but even so the margin is considerable in the United States. In Europe the margin represented by these livestock products was to a great extent eliminated by the war, so that Europe is now apparently lacking a safety margin in available food, which Asia has been without for a very long time. When population pressure eliminates the livestock margin in a country's food, survival for those in the lower income ranges becomes most precarious, being greatly dependent upon the vagaries of weather in providing relative plenty or scarcity of the means of subsistence.

Trends in food consumption have implications for production adjustments by farms and by regions and therefore concern agricultural policy formulation and programs. In this paper changes in food consumption in the United States will be studied during two periods, currently and over the 25-year period since 1920; and the major tendencies thus isolated will be examined from the standpoint of their relationship to occupational, income, and nutritional trends and shifts in the supply price of competitive products.

Statistics[3] of the Bureau of Agricultural Economics indicate that the per capita food consumption[4] has been fairly constant in the United States since 1909 at around 5 pounds daily. From 1909 to 1939, per capita consumption rose only slightly, and showed very little variation from year to year. In no year did

[1] F. A. Pearson and Don Paarlberg, *Starvation Truths, Half-truths, Untruths*, New York State College of Agriculture at Cornell University, Ithaca, N. Y., Aug. 1946, p. 11.

[2] *Ibid.*, p. 22.

[3] Published in *Agricultural Statistics* and the *Outlook Reports*.

[4] Beginning in 1941 the data are computed for civilian consumption. However, since prior to this year military consumption was insignificant, the per capita figures are in effect civilian and are therefore comparable throughout the 25-year period.

average daily consumption rise above 5.18 pounds, or decline below 4.69 pounds.[5] However, as during any period of inflation, per capita food consumption is currently at a much higher level than prior to World War II. As compared to the normal trend volume for 1945 the actual 1945 annual per capita consumption shows large increases in milk and cream, eggs and poultry and important decreases in refined sugar, ice cream, and dry edible beans (Table I). Compositely, the volume of food consumed in 1945 was 12 per cent above the 1935–39 level.[6] Once the price level moves back to normal, it is expected that much of

TABLE I

Per Capita Civilian Consumption of Selected Food Items in the United States: 1945 Actual Rate Compared to the Normal Rate for 1945

FOOD	POUNDS PER CAPITA ANNUALLY		PER CENT CHANGE,[b] NORMAL TO 1945 ACTUAL
	1945 normal rate[a]	1945 actual rate	
Increases			
Poultry (dressed weight)	20	25	25
Milk and cream (fluid milk equiv.)	355	438	23
Eggs (number)	320	392	22
Canned vegetables	38	44	16
All meats, except poultry and fish (dressed weight)	130	144[d]	11
Wheat flour	150	164	9
Turkey (dressed weight)	4	4.3	8
All fresh vegetables[c]	250	268	7
Fresh fruit	135	145	7
White potatoes	125	129	3
Decreases			
Sugar (refined)	98	73	−24
Butter	14	11	−21
Dry edible beans	9	8	−11
All fats and oils except butter	34	31	−9

[a] Based on trend value from 1920.

[b] Decreases are shown by minus signs.

[c] Excludes white potatoes, sweet potatoes, and dry edible beans.

[d] Average of 1944, 1945, and 1946.

Source: Basic data were compiled very largely from *Agricultural Statistics* for 1944 and 1946.

the war increase will be lost, although certain consumption patterns may have become somewhat habitual and tend to remain as after World War I.

II

While the aggregate food consumption tends to remain fairly constant at around five pounds per capita daily, except during unusual periods, such as a

[5] Geoffrey S. Shepherd, *Marketing Farm Products*, p. 17.

[6] *Agricultural Outlook Charts, 1947: Book II with Tables*, U. S. Dept. of Agriculture. Bureau of Agricultural Economics, Washington, D. C., Dec., 1946, p. 22.

war or a depression, shifts in consuming habits since 1920 make the aggregate consumption of today radically different from 25 years ago. Estimates published by the U. S. Department of Agriculture indicate that fresh vegetables have increased greatly since 1920 while potatoes (both white and sweet) and grain products have declined. Fats and oils show a slight decrease. Fresh fruits, meats, dairy products (since 1924) show no definite trend but have fluctuated around a certain level, although sharply upward during the recent war period.

Each of the food groups above showing important increases and those showing decreases have important divergent tendencies, as have also the food groups remaining fairly constant for the period. In the accompanying figure is shown the most striking of these trends.

In fresh fruits the significant trends have concerned apples and citrus fruits and processed fruits, except dried fruit. During the period apples decreased from about 55 pounds to 28 pounds per capita, or nearly 50 per cent, while all citrus fruits increased from 26 to 67 pounds, or 158 per cent. The increase in citrus fruits is thus considerably in excess of the absolute decrease in apples. Both grapefruit and oranges expanded proportionately, but because of the small quantity of grapefruit consumed, oranges accounted, apparently, for the bulk of the displacement of apples, increasing from 18 to 47 pounds per capita annually, or an increase of 29 pounds, which is practically equal to the decrease of 28 pounds in fresh apples during the period. The increases from 1920 to 1945 in processed fruit products were as follows:

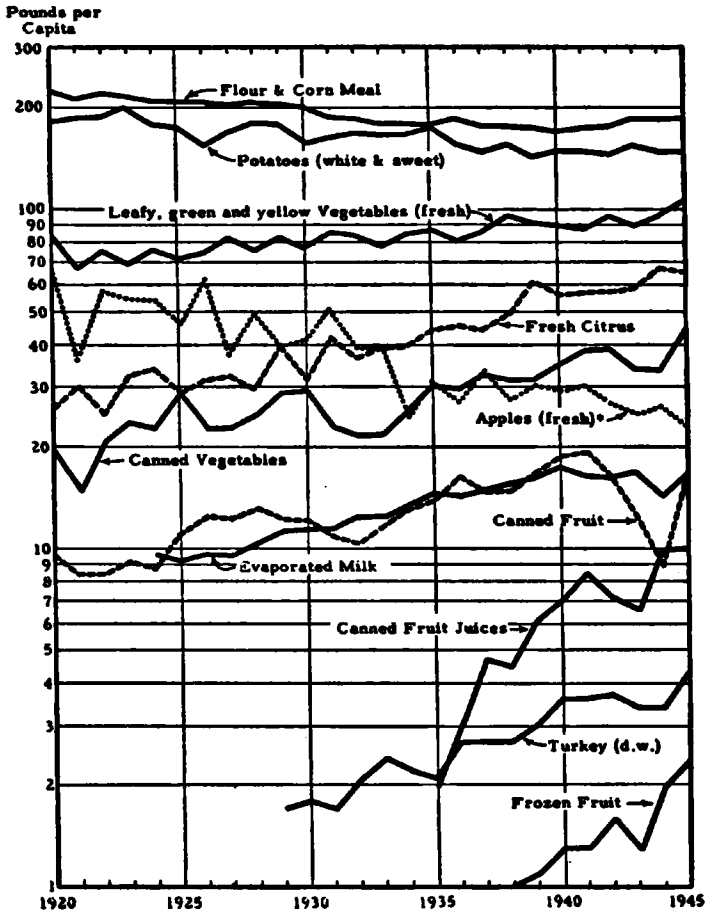
Canned juices	0.8 to 10 lbs.	3200 per cent
Frozen fruits (from 1930 to 1945)	0.6 to 2.4 lbs.	300 per cent
Canned fruits	9 to 17 lbs.	89 per cent

Thus processed fruits and canned fruit juices have shown phenomenal increases. Other fruits showing important per capita increases are bananas, grapes, pears, and lemons. However, dried fruit decreased 10 per cent.

In the case of fresh vegetables the shifts have been toward leafy, green, and yellow vegetables and tomatoes, and away from both kinds of potatoes. Leafy, green, and yellow vegetables increased from 70 to 96 pounds, or 37 per cent, and tomatoes from 26 to 32 pounds, or 23 per cent during the 25-year period. On the other hand white potatoes decreased from 160 to 125 pounds, or 22 per cent; and sweet potatoes, 33 per cent. As in the case of fruits, processed vegetables showed the largest increases of any vegetables, the per capita consumption doubling during the 25-year period and dry edible beans increasing 50 per cent. In the green, leafy, and yellow vegetables groups, lettuce, celery, onions, carrots, cauliflower, beets, and asparagus are the vegetables increasing the most.

Dairy products considered compositely have increased since 1924 but only gradually. During the war years very large increases occurred in whole milk. However, the most important increases in dairy products have occurred in evaporated milk (100 per cent), ice cream (55 per cent), and cheese (33 per cent). A moderate downward trend seems apparent in the per capita consumption of butter, which is being displaced by vegetable compounds. From 1932 to 1945

butter decreased 22 per cent, although much more than this in the war period because of high prices for whole milk, etc. In contrast all other fats and oils increased from 26 to 34 pounds, or 31 per cent.



* Commercial production only from 1934 to date.

FIGURE 1. PER CAPITA ANNUAL CONSUMPTION OF SELECTED FOODS IN THE UNITED STATES, 1920-1945

All meats except fish and poultry (on a dressed weight basis) show a slight downward trend from 1920 until 1939 but consumption during the war period was at a rate about 10 per cent above the normal trend. Per capita consumption of meat usually fluctuates around 140 pounds annually. In the 1920's it varied from 135 to 148 pounds, in the depression from 116 to 130 pounds, and during

World War II again around 140 pounds. Since 1910 there has been a net decrease of about 7 per cent.

Of all the major meat products, excluding poultry, only lamb and mutton show a definite trend. From 1920 to 1945 the annual per capita consumption of lamb and mutton (dressed weight basis) increased from 5.5 to 7 pounds, or 28 per cent. It appears, however, that the current level of mutton and lamb consumption is about on a par with the 1910 per capita consumption, which means that we are reversing a habit in this case.

Poultry might be considered in connection with meat. Except for an increase of 25 per cent during the war, chicken on a dressed weight basis fluctuates around 20 pounds per capita annually, without a distinctive trend.

Turkey is a comparatively new product on the American market and is behaving as one. On a dressed weight basis this product shows a strong upward trend since 1929, increasing from 1.5 to 4 pounds by 1945, or 167 per cent.

The per capita consumption of eggs varies considerably, fluctuating around 320 eggs, or 27 dozens. As with meat and dairy products the consumption of eggs increased greatly during the war and had reached nearly 400 eggs, or 33 dozens, per capita annually in 1945.

Other than potatoes, which have already been discussed in connection with vegetables, cereals show the largest decrease as a class and are of vital interest from the standpoint of diet balance. Wheat flour and corn meal are the items showing large decreases, while rice has increased. From 1920 to 1933 wheat flour declined from 181 pounds to 150 pounds, or 17 per cent. Per capita consumption remained around the 1933 level until World War II, which caused an increase to 160 pounds. Corn meal decreased 50 per cent in the period but considered from 1910 the decrease amounts to almost 70 per cent. Rice shows a tendency to increase perhaps because of substitution for corn meal and grits in the South. We now consume about six pounds of rice per capita, representing an increase of about 15 per cent since 1920.

Refined sugar shows no definite trend, appearing at a higher rate in the late 1920's than at any other time. On the average, however, in the years before World War II we consumed around 96 pounds per capita annually, varying from 73 to 89 pounds during the war. Sugar rationing was entirely responsible for this decrease because consumer incomes were such as to support a much higher level of consumption per capita.

Corn sirup increased 15 per cent. In both war periods per capita consumption was exceptional, exceeding 10 pounds per capita because of inadequate supplies of sugar, it seems.

A summary of important increases and decreases of specific foods is shown in Table II.

III

The shift to more expensive and higher quality foods is due to occupational changes, better knowledge of nutrition, improved production techniques and lower supply price, and income effects. We are rapidly becoming a nation of

city people. In 1920, 70 per cent of the nation's population were nonfarm; in 1946, this percentage had increased to 81. With this increase in urban population have occurred certain fundamental changes in population distribution which vitally affect food consumption. Our present population has a higher percentage of old people and with an expected falling off in population growth this

TABLE II

Trends in Per Capita Consumption[a] of Specified Foods in the United States from 1920 to 1945

ITEM	POUNDS CONSUMED PER CAPITA ANNUALLY (BASED ON TREND VALUES)		PERCENTAGE CHANGE[c] 1920 TO 1945
	1920[b]	1945[b]	
Increases			
Canned fruit juices	0.3 (1930)	10	3,200
Frozen fruits	0.6 (1929)	2.4	300
Turkey (d. w.)	1.5 (1929)	4.0	167
Fresh citrus fruit	26	67	158
Grapefruit	5	13	160
Oranges	18	47	161
Canned vegetables	19	38	100
Evaporated milk	9 (1924)	18	100
Canned fruits	9	17	89
Ice cream	9 (1924)	14	55
Dry edible beans	6	9	50
Leafy, green, and yellow vegetables	70	96	37
Cheese	4.5 (1924)	6	33
All fats and oils except butter	26	34	31
Lamb and mutton (d. w.)	5.5	7.0	27
Tomatoes	26	32	23
Rice	5.4	6.2	15
Decreases			
Corn meal	38	19	−50
Fresh apples	55	28[d]	−49
Sweet potatoes	30	20	−33
White potatoes	160	125	−22
Butter	18 (1932)	14	−22
Wheat flour	181	150	−17

[a] Basis of civilian consumption beginning in 1941.

[b] Trend lines were fitted freehand.

[c] Decreases are shown with minus signs.

[d] Current estimates adjusted to include noncommercial apples.

Source: Basic data from *Agricultural Statistics*, 1944 and 1946.

tendency is expected to be accelerated. City occupations are sedentary, which require less energy foods but more foods high in minerals, nitrogen, vitamins, etc. Old people, who do light work, further the demand for such foods. Although human nutrition is a comparatively new science, our home economists and dietitians have done much to spread knowledge of the requirements of healthful diets.

Also, in the last 25 years vitamin foods suddenly became of great interest, with increased emphasis on the consumption of green, leafy, and yellow foods, citrus fruits, tomatoes, and milk products.

Improvements in techniques of production have undoubtedly lowered the supply price of many of the new products, thus giving them a more favorable competitive position for the food dollar of the low income families. It appears this has been an important factor in the displacement of apples by citrus fruits, especially oranges. Sufficient data, however, are not available to permit an analysis from this standpoint of all the important shifts described in this paper.

The effect of shifts in family incomes on food consumption should not be overlooked. Although the percentage of total income devoted to food declines as incomes rise, the absolute amount spent on food increases. Furthermore, larger quantities of food, higher quality foods, and better balanced foods accompany increases in family incomes. Professor Shepherd[7] of Iowa State College has shown that each 100 per cent increase in family income within ordinary income limits causes an increase of 20 per cent in the per capita consumption of food and 40 per cent increase in the expenditure per capita on food, this latter reflecting the greater discrimination toward higher quality foods.

In view of the decrease in size of families and the increase in relative expenditures for items other than food over time, it appears that real income has risen relative to food costs.

Temporary redistributions of incomes have their food effects also. A war period inflates low family incomes more than high family incomes and enables the former to move into a higher food class. If the inflation is of some duration, new consuming habits are formed, which tend to remain even with income deflation because of the new knowledge of and taste for the better classes of foods. This happened in 1914-18. The larger shifts toward more vegetables and dairy products occurred then and held up to a considerable extent in the postwar period. It is expected, therefore, that some part of the new levels of food consumption acquired during World War II will be retained.

[7] Shepherd, *op. cit.*, pp. 19-21.

OCCUPATIONAL MOBILITY AND OCCUPATIONAL OUTLOOK

DANIEL CARSON

Railroad Retirement Board

During the depression of the 1930's, leaders in the vocational guidance program felt an urgent need for authoritative information on the outlook for getting jobs in each occupation. In recognition of its importance in preparing youth for life, the President's Advisory Committee on Education in 1938 strongly recommended the establishment of a federal occupational outlook service. "An occupational outlook service is needed that will provide a clear description of each of the major occupations or groups of minor occupations, the kind of life each occupation offers, the character of the preparation essential to enter it, the numbers employed and the trend of employment, the numbers of new employees taken on each year, and the number of youth in each year of college or secondary school . . . who have the intention of entering the occupation if possible."[1]

The development of the occupational outlook service had been deferred by the war and has again become important. "Perhaps the area in which the least information is available is that of the present and prospective needs . . . for workers in various occupations."[2] The object of this paper is to examine critically the main criterion used in the majority of occupational outlook studies that have so far been issued. The criterion generally applied to determine the outlook for an occupation has been its secular trend of employment. This paper will show the importance of other forces and attempt to demonstrate that the number of job opportunities is in nearly all cases and for most conditions at least several times as large as that indicated by the trend of employment. An attempt will also be made to demonstrate that, under conditions which prevail most of the time, for occupations which are no longer on an upward secular trend, a different orientation makes all the difference between no outlook for jobs at all and a relatively favorable outlook. The trend of employment in each occupation was considered the basis of an occupational forecasting service in *Occupational Counseling Techniques* by Stead, Shartle, and Associates.[3] And by far the greatest weight was given to the trend in employment for estimating the possibility of getting jobs in an analysis of problems of forecasting occupational needs,[4] and in a series of occupational outlook reports.[5] In part of the reports some weight was given to one or two other factors, but their total effect was not regarded as important.

[1] President's Advisory Committee on Education, Report, Feb. 1938, p. 105.

[2] President's Advisory Committee on Education, *Vocational Education*, by John Dale Russell and Associates, Staff Study No. 8, p. 188.

[3] P. 10.

[4] Lorin A. Thompson, Jr., "Forecasting Occupational Needs," *Occupations*, Oct. 1938, p. 22.

[5] See Bureau of Labor Statistics, Bulletin 842, p. 1; Bulletin 844, p. 1, and other bulletins.

The maximum service that could be given concerning the probabilities of getting a job in a specific occupation is to indicate what they are for every community in each season of each forthcoming year. Such a program would have required a staff larger than that of the entire Bureau of Labor Statistics. The bureau felt that the measurement of short-term fluctuations, including cyclical fluctuations, was too difficult and hazardous. It said that" ... we place major emphasis on appraising the long-run changes in the level of employment in specific industries and for specific occupations."[6] This criterion, trend of employment, has been emphasized in the bulletins so far issued. It is also the case in most vocational guidance reports from other agenices in which the occupational outlook is discussed.

The fact that requires emphasis at this point is that most of the time job seekers will face conditions which are more or less favorable than, or opposite to, the general trend. This is so because the trend of employment is an average expression of net employment changes moving in different directions and at varying rates of speed.

The fluctuations in job opportunities for auto mechanics are typical of those of many occupations. There has been a general upward trend in employment in this occupation since the beginning of the century. A decline of employment, however, took place between 1929 and 1933, and alternate rises and declines from 1933 through 1945. The present prospects are for a sharp rise through 1950. The decline from 1940 to 1945 was about 40 per cent and a 100 per cent rise is expected from 1945 to 1950.[7] It is obvious that for most of the last 20 years the trend would not have served as a suitable criterion to advise men on the probabilities of getting jobs as automobile mechanics.

On the basis of the trend, it is difficult to find the answer to the most frequently asked question, which is, "What are the chances of my getting a job in the occupation *now*?" The trend of employment does not indicate the answer—for reasons given above and for reasons to follow.

In an article published a few years ago, the writer sought to point out that frequently net changes in employment were used as a criterion for labor problems when it was far more important to know the gross changes.[8] Gross changes are of the utmost importance in ocupational outlook, for the net changes in employment indicated by the trend are responsible for only a minor part of the job openings.

In the above-mentioned paper, it was pointed out that, although the average annual net increase in employment in the late 1920's was about 1,000,000, about 1,400,000 persons a year left the regular labor force. Its meaning to occupational outlook, obviously, is that 1.4 times as many jobs were filled in the process

[6] A. F. Hinrichs, "Progress in Occupational Outlook Research," *Occupations*, March 1946, p. 326.

[7] Bureau of Labor Statistics, *Employment Outlook for Automobile Mechanics*, Bulletin 842, p. 1.

[8] Daniel Carson, "Accessions to and Separations from the Labor Force: Concepts for Analyzing Certain Types of Labor Problems," *Journal of Political Economy*, Dec. 1941.

of replacing persons who withdrew from the labor market as in supplying the net increase in employment. If full employment is maintained in coming years, jobs will have to be provided for an increase of about 600,000 in the labor force annually, but the number of openings that will become open because of separations from the labor market will be about 1,700,000 annually, nearly three times as many. The withdrawals result from women's leaving the labor market because of marriage; other retirements, mostly because of reasons associated with the older ages; and deaths. These figures apply to the regular labor force, which excludes the movement of seasonal workers. These withdrawals of workers from the regular labor force induce occupational mobility since nearly all withdrawals leave openings for others—in all kinds of occupations. Considering the labor force as a whole, then, the number of additional job openings from these movements out of the labor force is nearly three times as large as indicated by the trend of employment. If the average increase of employment is included, the number of jobs filled is about four times as large.

There are pronounced regional differences in the ratio of job openings resulting from persons separating from the labor market to the net increase at full employment. In the northeastern part of the country the number of such job openings is four times as high as the increase; in the South it is about two and one-half times as high; and in the West it is about five times as high. The differences between states are even sharper.

This turnover in the labor force is far more important to women than to men. The number of withdrawals of men is about three-fourths higher than their increase in the labor force (which, in a rough way, indicates the long-term trend in increases of employment) while for women it is nearly six times as large. Withdrawals from the labor market therefore yield nearly four times as many job openings relative to employment increases for women as for men.

There has been some recognition of the meaning of this movement to job openings. In some cases, it has been recognized as significant,[9] in others it has been recognized as a factor but it did not appear to be regarded as important,[10] and in others it was completely overlooked.[11]

There is another factor that is more important at present than turnover in the labor force in opening jobs—occupational mobility. A brakeman on a railroad, for example, may decide to change his occupation for any one of a number

[9] See, for example, Felix B. Streyckmans, *Employment in Land Transportation*, p. 45-6; and Science Research Associates, *Occupational Briefs of War and Postwar Job Fields*, No. 22, p. 4.

[10] Usually it is dismissed with a brief mention of from one to three sentences. See, for example, Bureau of Labor Statistics, Bulletin 842, p. 1; Bulletin 844, p. 1; "Postwar Employment Outlook in Aviation Occupations," *Monthly Labor Review*, April 1945, p. 754. The best development of the effects of withdrawals in Bureau of Labor Statistics publications appears in Bulletin 863, *Postwar Outlook for Physicians*, which has one page on this factor compared to 15 pages on the trend of employment. A development of opportunities resulting from withdrawals for different regions and localities would have been useful to present and prospective physicians.

[11] See, for example, Women's Bureau, Bulletin 203, Nos. 2, 4, 5, 6, and 12. Nos. 1 and 3 recognised it as significant. This writer was unable readily to obtain Nos. 7-11.

of reasons, such as inconvenience of traveling to and from the job, partial disability, desire for indoor work, unwillingness to face the dangers of braking trains, promotion to conductor, ambition to buy and operate a garage or other business, return to operate the family farm, or difficulties with coworkers. Whatever the reason, he usually leaves an opening for a job as brakeman for someone not then in the occupation.

Promotions are an important source of occupational shifts. The promotion itself frequently involves an occupational shift. The job vacated by the promoted employee usually serves as an opening for someone to enter the occupation. Not infrequently this chain reaction continues until four or five occupational shifts follow a single promotion. It is also common for an original occupation shift resulting from any of the reasons given above or from migration likewise to be followed by a number of additional shifts.

There is considerable variation in the mobility of the different occupations. As would be expected, the greatest mobility exists among laborers and much less among skilled workers. The mobility differentials for occupations in the railroad industry are indicated by the data in Table III. The least amount of occupational shift occurs among those skilled occupations which are peculiar to the railroad industry.

To a job seeker, a job opening arising from an occupational shift is just as welcome as one resulting from an increase in employment. It can be safely stated that most of the job openings do not arise from employment increases. A study on occupational mobility in San Jose, California, indicates that the workers of that city who were in the ages 35–54 had, on the average, held jobs in 4.2 occupations.[12] The average for workers of all ages was 3.6. These were occupations in which they worked continuously for eight months or more. To the extent that these figures apply to the United States, they indicate that the number of openings in various occupations for workers outside the occupations is more than three times the increase in employment. Yet it is seldom recognised that occupational mobility is important in occupational outlook.

I

The data of the U. S. Railroad Retirement Board are unique in indicating occupational mobility. For the administration of the Railroad Retirement and Railroad Unemployment Insurance Acts, the Railroad Retirement Board has kept records of earnings (up to $300 per month) of each worker in the railroad industry since the beginning of 1937. New accounts are established for persons not previously employed in the industry when their first employment is reported. Tabulations for persons for whom new accounts were established, called new entrants, are made annually.

Perhaps most of the new entrants to the railroad industry represent workers continuing in previous occupations. The indications are, however, that a sig-

[12] Percy E. Davidson and H. Dewey Anderson, *Occupational Mobility in an American Community*, p. 71–2. It is very likely that the findings of the survey constitute an understatement.

nificant proportion enter new occupations. It is certain that nearly all of the new entrants who took jobs in such uniquely railroad occupations as brakemen, firemen, hostlers, and switchmen entered upon a new career.

The new entrants do not include all the individuals who have begun careers as firemen, brakemen, hostlers, and switchmen since they exclude shifts of individuals from other railroad occupations. During the war years particularly there were many shifts such as from clerk or laborer to fireman or brakeman. The

TABLE I

Employment and New Entrants of Firemen, Brakemen, Switchmen, and Hostlers on Class I Railroads, 1938–46

YEAR	EMPLOYMENT		NEW ENTRANTS		
			Number[c]	NUMBER PER 100	
	Number[a]	Increase[b]		Employees	Employment Increase
1938	139,592	−10,754	2,457	2	*
1939	148,425	8,833	6,573	4	74
1940	153,015	4,590	9,258	6	202
1941	175,835	22,820	38,054	22	167
1942	192,864	17,029	61,200	32	359
1943	194,777	1,913	51,045	26	2,668
1944	195,464	687	54,700	28	7,962
1945	190,926	−4,538	55,273	29	*
1946	191,473	550	30,000[d]	16[d]	5,484[d]

[a] The figures for 1938–44 are as of Dec. 15.

[b] Increase for 12 months, Dec. 15 of preceding year to Dec. 15 of current year.

[c] The figures for 1938 and 1939 from Annual Reports of the Railroad Retirement Board; figures for 1940, 1941, and 1942 from the *Railroad Retirement Board Monthly Review*, Feb. 1944, p. 5; 1943 and 1944, from unpublished tabulations; the 1946 figure is at the annual rate for data for the last 6 months of the year.

[d] Estimate for year based on total number of new accounts opened in July–Dec. 1946 and a sample occupation tabulation for Aug. and Sept. 1946. It should be regarded as a very rough estimate.

[*] A computed figure here would be meaningless.

number of new entrants reported in Railroad Retirement Board statistics understate the number of workers entering these occupations.

Table I shows the number of employees and new entrants in the firemen-brakemen-switchmen-hostlers group for class I railroads over a period of varying economic conditions.

Occupational mobility varies with labor turnover. There are, accordingly, marked differences in occupational mobility in the different phases of the business cycle. During periods of recession and depression, when labor turnover and occupational mobility are low, the smallest numbers of openings occur for persons outside the occupations; in periods of recovery and prosperity, when labor

turnover and occupational mobility are high, much larger numbers of such openings occur. The importance of cyclical fluctuations to job openings is greatest in occupations most affected by those fluctuations and those occupations in which the trend indicates little or no increase in employment.

In 1938 and 1939, an unknown number of openings for firemen, brakemen, hostlers, and switchmen jobs were filled by men previously furloughed from them. Most of them were furloughed in 1937 or 1938. These persons, of course, are not included in the count of new entrants. A smaller number, however, who had such experience prior to 1937, were included among the new entrants.

The number of new entrants per 100 employees ranged from 2 for a year of declining employment to the extremely high figure of 32 for a year of rapid expansion in employment and of labor shortages. The failure of the ratio to rise above the 1942 figure in 1943 and 1944 is not to be interpreted as a decline in either mobility or job openings. It reflects the effect of the wartime labor shortages.[13]

These data show how the occupational outlook may vary according to the criterion used—net increases in employment or number of persons who entered the occupations. The number of new entrants in 1939 was 26 per cent smaller than the net increase; in 1942, 259 per cent larger; and in 1944, 7,862 per cent larger.[14] The number of persons entering the firemen, brakemen, switchmen, and hostlers occupations then was from three-fourths to 80 times as great as the increase in employment. The only year in which the number of new entrants was smaller than the increase in employment was a year in which many furloughed workers returned to their jobs.

The occupational outlook studies, however, have used the trend rather than the actual employment increase as the basis for their conclusions. The trend in employment of firemen, brakemen, switchmen, and hostlers may be viewed as slowly declining. To take the movement into and out of the labor force and occupational mobility into account, then, makes the difference between no outlook at all and an outlook for up to as much as 32 jobs per 100 employed per year.

II

A number of the outlook studies have dealt with possibilities of getting jobs in the railroad industry, and have repeated the view that the annual number of openings equals about 5 per cent of employment.[15] A myth seems to have grown up around this figure, which experience can help dispel. This experience is re-

[13] At the beginning of July 1944, for example, there were 8,519 openings for firemen, brakemen, hostlers, and switchmen, and, although during the month 4,454 such openings were filled, at the end of the month there were still 8,268 openings. One of the important factors was the channeling of the inadequate labor force into first line war industries.

[14] The last figure can hardly be expected in a competitive economy in times other than those of wartime demand for labor.

[15] Science Research Associates, *op. cit.*, p. 4; Bernard E. Young, *The Railroad Industry*, p. 17; U. S. Employment Service, *Labor Market Information for USES Counseling*, Industry Series No. 40-1, Railroads, p. 6.

flected in the unique figures of industrial mobility of the Railroad Retirement Board. The following table shows the inward movement of new workers to the railroad industry. Workers returning to the railroad industry since 1936 are excluded. As with new entrants to firemen, brakemen, hostlers, and switchmen jobs, new entrants to the railroad industry fluctuated widely with different phases of the business cycle.

Even in 1938, a year of declining employment, the number of new entrants was about 15 per 100 employed,[15] or three times the mythical figure of 5 per cent. The percentage increased to 56 in 1943 and 1944, partly reflecting wartime labor demand. In the last six months of 1946, a period of peacetime activity, accounts

TABLE II

Employment and New Entrants on Class I Railroads, 1938–46

YEAR	EMPLOYMENT		NEW ENTRANTS		
			Number[c]	Number per 100	
	Workers[a]	Increase[b]		Employees	Employment Increase
1938	943,682	−62,780	141,120	15	[d]
1939	1,008,690	65,208	175,361	17	269
1940	1,025,441	16,551	193,517	19	1,169
1941	1,185,578	160,137	453,524	38	283
1942	1,322,228	136,650	685,340	52	502
1943	1,349,668	27,440	760,065	56	2,770
1944	1,400,437	50,769	712,300	51	1,408
1945	1,396,988	−3,449	679,199	49	[d]
1946	1,352,589	−44,399	550,000[e]	41[e]	[d]

[a] The figures for 1938–44 are as of Dec. 15.

[b] For the period Dec. 15 of the preceding year to Dec. 15 of the current year.

[c] The figures for 1938 and 1939 from Annual Reports of the Railroad Retirement Board; figures for 1940, 1941, and 1942 from the *Railroad Retirement Board Monthly Review*, Feb. 1944, p. 5; 1943 and 1944, from unpublished tabulations; the 1946 figure is at the annual rate for data for the last 6 months of the year.

[d] A computed figure here would be meaningless.

[e] Roughly estimated annual rate for last half year.

for new entrants were being opened at the annual rate of about 41 per cent of employment, or more than eight times the 5 per cent figure.

The number of new entrants in excess of the increase in employment has ranged from 169 per 100 increase in employment in 1939 to 2,670 per 100 in 1943. Labor shortages and channeling available workers into first line war industries reduced this large excess in 1944, but it was still high.

[15] Since 1938 was the second year for which the Railroad Retirement Board kept wage records, the number of new entrants for that year must have included some railroad workers returning to the industry after an absence of more than one year. The proportion of returning railroad workers was very small in 1940 and later years.

Industrial mobility varies greatly with the degree of skill. The greatest movement into and out of the industry usually occurs among track laborers. The number of new entrants in 1940 was 102 per 100 employees. Station, platform, and yard laborers showed the next largest turnover—47 per 100 employees. There was much less turnover among the skilled employees. The number of new entrants for skilled construction men was less than 6, and skilled shop workers less than two, per 100 employees. Even though the occupations of brakemen and switchmen are occupations peculiar to the industry, the new entrant rate was 6

TABLE III

Number of New Entrants per 100 Employees in the Railroad Industry, by Occupation Group, 1938–45

OCCUPATION GROUP	1938	1939	1940	1941	1942	1943	1944	1945
Total	15	17	19	38	52	56	51	49
Office employees								
Executives, supervisors, and professionals	1	n.a.	1	3	6	6	5	6
Station agents and telegraphers	3	3	3	6	14	14	15	15
Clerks and junior office	2	4	5	14	29	36	29	26
Train-and-engine service								
Engineers and conductors	1	*	*	1	1	1	2	2
Firemen, brakemen, switchmen, and hostlers	2	4	6	22	32	26	28	29
Gang foremen	3	n.a.	1	1	3	4	5	6
Skilled maintenance employees								
Skilled way and structures	6	6	6	13	21	22	20	22
Skilled shop	1	3	2	6	6	6	6	8
Helpers and apprentices	4	9	10	27	41	53	50	51
Laborers								
Track laborers	94	91	102	143	152	147	122	111
Shop and stores	5	19	21	76	120	146	104	79
Station, platform, and yard	40	51	47	112	145	241	234	224

n.a.—not available.

* Less than 0.5 per cent.

per cent. The rate for locomotive engineers and conductors was least of all—0.4 per 100.

The increase in mobility as economic conditions improved likewise varied with occupation. In those occupations with relatively small mobility in 1940, the increase in mobility by 1945, was large. It was frequently twice as large as the increase for the industry. Track laborers, on the other hand, a group which showed the greatest mobility in 1940, had only a 10 per cent increase in mobility by 1945, the smallest of the increases for the different occupation groups.

III

The above discussion suggests that the approach to the analysis of occupational outlook should be reconsidered. The primary question raised here is whether the burden of judgment should be shifted from the trend of employment in the occupation to the gross number of job openings. Recognition of the importance of turnover within the labor force and occupational mobility require the transfer of emphasis of the analysis from the trend in employment to the total number of job openings in the country, in different regions and localities, and for each sex. A further implication is that, for occupational outlook and for other purposes, information should be collected on various aspects of occupational mobility.

A suggestion for such a reorientation does not imply that the trend of employment is considered without value. Its value is recognized, but it is subordinate to other factors when we are computing the probabilities of getting jobs at the present moment. The trend is of more significance in indicating opportunities for promotion. But even opportunities for promotion and proprietorship are, in general, improved for a group of workers who remain in the occupation while others drop out.

THE INCOME GOALS OF UNIONISM

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"Is there any limit to the demands of labor as to wages?" Gompers was representative of labor leaders before and after his time when he replied that this is a "foolish" and "utterly immaterial question."[1] But the newly established power of organised labor in the United States will not let the question die, and no one who understands the impact of the wage structure on the level of employment will deny the need for an answer. We are not without understanding of the conditions determining the demands presented by unions in their negotiations.[2] The union is a body politic; and, though this factor itself means that analysis of wage policy is laborious, it also means that we know the influences from which wage policy will emerge, for there are presumably characteristics of behavior common to all political bodies.[3] But what union members are really after, what they wish to move toward over a long period of time, is still much obscured both by unionism's preoccupation with immediate problems and its extreme self-consciousness when discussing its long-run aims. Research in labor economics has rarely turned to long-run aims; and, while this was to be expected in a day in which their attainment was precluded by the inability of weak unions to win even their immediate goals, it is perhaps time to make the question an object of serious study. At least a few unions now appear to be in a position to make headway at last toward the realization of whatever great ambitions their members may harbor. By comparison with what might be said on the subject when more facts are unearthed, the present paper is only exploratory.

I

The American labor movement has long proclaimed the virtues of "a fair day's pay for a fair day's work." Yet it is impossible to find, except in the works of certain reformists, revolutionary leaders, and intellectuals who have been attached to the labor movement, any systematic answer to the question: "What is fair?" This is a significant fact in itself, for the failure of labor's spokesmen to answer is due to no lack of interest in the subject. John L. Lewis devotes an entire chapter in his *Miners' Fight For American Standards* to "fair wages,"[4] and Stevens' well-known history of New York typographers gives 150 pages to wage policy. The former never defines "fair"; the latter fails to go beyond the

[1] Samuel Gompers, *Labor and the Employer*, p. 66.

[2] For an analysis of union wage policy in negotiations, see Sumner H. Slichter, "Wage Policies," *Proceedings of the Academy of Political Science*, May 1946, 3–15.

[3] See A. M. Ross, "Trade Unions as Wage-Fixing Institutions," *American Economic Review*, Sept. 1947, 566–588; and Joseph Shister, "The Locus of Union Control in Collective Bargaining," *Quarterly Journal of Economics*, Aug. 1946, 513–545.

[4] John L. Lewis, *The Miners' Fight for American Standards*, chap. iii.

definition implicit in a resolution that "a fair day's pay for a fair day's work is the clear dictate of natural justice, general interest and sincere philosophy. . . ."[5]

A defined standard of fairness being undiscoverable, an early statement of Gompers, then president of the AFL, can be taken as typical: "I know that we are living under the wage system and so long as that lasts, it is our purpose to secure a continually larger share for labor, for the wealth producers."[6] The Gompers insistence on "more, more, more, now" has been reaffirmed time and time again by so many union spokesmen that we can be certain that it is not a peculiarity either of Gompers or of the AFL. It has been put baldly in the "All we can get!" attributed to John Fitzpatrick, president of the Chicago Federation of Labor,[7] and in a more genteel manner by some of the newer unions. The CIO declares: "In due time, labor must . . . share more fully in the earnings of industry . . .";[8] and Golden and Ruttenberg, formerly of the United Steelworkers, argue that "workers' wage demands, based on the contention that the fruits of industry are divided inequitably between owners and workers, constitute a constant pressure for a larger share of the nation's annual income."[9] It is possible to argue that the CIO's relatively greater emphasis on a larger *share* of the national income, in contrast to the AFL's "more, more, more, now," is indicative of a genuine difference in philosophy, but convincing evidence is not easily found.[10]

As might be expected, local leadership is less interested in philosophising about long-run wage aims than is top leadership, and consequently expresses itself reluctantly. Its views are nonetheless revealing. Different local leaders reach different conclusions; and it is interesting to observe that any one spokesman will ordinarily shift ground more than once in the course of an interview. Changes of emphasis as well as outright contradictions are disclosed even in a brief conversation; and, when a contradiction in stated policy or philosophy becomes apparent, its author is not the least disturbed. This again serves to suggest a lack of concern; it is as though local leaders, because they spend little time thinking about long-run problems, expect inconsistent results. The question of wage aims often strikes them as pedantic, since many of them believe that their wages are so far from satisfactory by any standard that, for the time being, the proper tactic is to seize every opportunity for an increase.

But how seriously are we to take the repeated assurances that unions have no long-run goals other than "more"? It is not difficult to find labor leaders who, while insisting that day-to-day wage policies are guided by immediate expediency,

[5] George A. Stevens, *New York Typographical Union No. 6*, New York Bureau of Labor Statistics, Annual Report, 1912, Part I, p. 222.

[6] Louis S. Reed, *The Labor Philosophy of Samuel Gompers*, Columbia University Studies in History, Economics, and Public Law No. 327, p. 17.

[7] Willard E. Atkins and Harold D. Lasswell, *Labor Attitudes and Problems*, p. 207.

[8] Philip Murray, *CIO Re-Employment Plan*, p. 8.

[9] Clinton S. Golden and Harold J. Ruttenberg, *The Dynamics of Industrial Democracy*, p. 151.

[10] But note that Golden and Ruttenberg, although concerned throughout their book with "equitable distribution," neither define it nor suggest criteria.

in fact look forward over a long period of time to a drastic revision of the whole organization of income distribution. These appear superficially to be a small minority, and yet there is at least one very good reason for believing that union indifference to long-run aims may be "a studied policy rather than a deeply-seated conviction."[11] Unions have gained their status in the United States only with great difficulty, and they lack the respectability attaching to other economic institutions which are believed, correctly or incorrectly, to belong to the competitive economic system. Consequently, they have possibly found it discreet to publicise as little as possible their long-run aspirations. Indications of this are the many loud protestations of the unionists' loyalty to free enterprise. William Z. Foster wrote in 1920:

> It is an indisputable fact that the trade unions always act upon the policy of taking all they can get from their exploiters. . . . Like various other aggressive social movements, [they] have more or less instinctively surrounded themselves with a sort of camouflage or protective coloring designed to disguise the movement and thus to pacify and disarm the opposition. This is the function of such expressions as, "A fair day's pay for a fair day's work."[12]

As a radical union leader, Foster is no doubt interested in finding radical aims in unionism. But let us not therefore disregard his observations without a fair hearing. In his study of the AFL, Lewis Lorwin concluded that the AFL, conservative and business-minded as it appears, emphasizes its short-run aims, its desire for a "better tomorrow, and tomorrow, and tomorrow's tomorrow," in order to strengthen its hand in bargaining and to distract attention from its much more radical long-run aims.[13] Some of the evidence that Foster and Lorwin may be correct—with respect to CIO as well as AFL unions—has been summarized briefly by the writer elsewhere; in the leadership of both organizations is to be found much support for various syndicalist schemes for economic reorganization, ranging from Matthew Woll's proposals for an "industrial congress" to Philip Murray's plans for tripartite "industry councils."[14]

II

There is another source of evidence. Union spokesmen are from day to day engaged in persuading employers, the public at large, and even themselves or their constituents that they are entitled to higher wages. The criteria for wage determination used in negotiations are of some importance in revealing, though indirectly, the wage goals of unionism.

One of the most common criteria is the cost of living. It continues to be used as an argument for adjustment in wage rates as the price level changes, although it has long been in disfavor as a basis for establishing the basic rate. It was first displaced by the concept of the living wage. As a union paper argued: "The

[11] J. B. S. Hardman, ed., *American Labor Dynamics*, p. 102.

[12] William Z. Foster, *The Great Steel Strike and Its Lessons*, pp. 257 f.

[13] Lewis L. Lorwin, *The American Federation of Labor*, pp. 431 ff.

[14] Charles E. Lindblom, "Collective Bargaining and the Competitive System," *Canadian Journal of Economics and Political Science*, Nov. 1945, 566–577.

workers demand and will continue to demand a wage increase not only because of the rise in the cost of living, but because the workers have realized that they are entitled to a better life . . . They want to give a better education to their children than they have received."[15] Still later the living wage gave way to the saving wage, although the latter has never achieved the currency of the former, since those who became dissatisfied with the living wage frequently went on to something considerably different, as we shall see presently. In any case, neither the living wage nor the saving wage does much more than declare that workers have a right to a better income than they at any times already receive, for it is perfectly apparent that "subsistence," "decency," "comfort," and "saving" standards of living are continually being redefined upward as the national income rises. When John Mitchell was a great figure in American unionism, he believed that an annual wage of $600 was a reasonable minimum toward which union wage policy ought to be aimed!

Except as the cost-of-living principle is used as the basis for wage adjustments in times of price changes, these earlier principles are subordinated to others whose history is equally long but whose popularity is now greater. Such a principle—sometimes identified as the "social" wage—is that which declares wages must be high in order to create the mass purchasing power necessary to buy back from industry its ever increasing product. Purchasing-power theories of wage determination apparently first rose to great prominence in the AFL in the middle '20's;[16] but there were references to it in the last century;[17] and CIO industrial unions with, and possibly because of, their large memberships have made great use of the argument. Another such principle is that wage rates should be adjusted to the employer's ability to pay. This is sometimes measured by profit, sometimes by selling price, and sometimes by general business conditions. Ability to pay may be tied up with claims to increases based on changes in the efficiency of the firm or industry, although this may also be stated as a distinctly different principle. Since it is common for workers to seek wage increases on the grounds of increased output per worker due to increased investment or technical improvement, it is worth noting that these claims are not necessarily dependent upon the workers' contribution to greater efficiency. Furthermore, claims based on efficiency are established for the workers at the point at which the increase in productivity occurs; it is not argued that the fruits of innovation should be widely distributed. The efficiency principle of wage adjustment does not identify efficiency with marginal value productivity; and, in fact, union spokesmen have been wary of any wage pronouncement that could be interpreted as sanctioning the economist's productivity theory of wages.[18]

A further extremely important criterion in wage negotiation is comparative rates, the union claiming an increase by reference to wages paid to comparable

[15] From an article written in 1921 in *Justice*, a publication of the International Ladies' Garment Workers' Union, as quoted in David Saposs, *Readings in Trade Unionism*, p. 279.

[16] Joseph M. Viau, *Hours and Wages in American Organized Labor*, pp. 80 f.

[17] Gompers, *op. cit.*, p. 58.

[18] See, for example, Viau, *op. cit.*, p. 82.

workers elsewhere. In some cases, the comparison is with wage rates in general; sometimes it is with closely related industries; or it may be with other firms in the same industry. One can immediately perceive the contradiction between this principle and ability to pay. A union spokesman will argue that wage policy should exploit fully the employer's ability to pay; under other circumstances he will assert that wage rates should be standardized for an industry, group of industries, or skill regardless of individual differences in financial condition.

It is, in fact, the inconsistency of these criteria which reveals the essential opportunism of short-run wage policy, and thus suggests that wage goals are more aggressive than the criteria themselves indicate. Union theorizing about wage rates is essentially a disguise for opportunism, and almost any principle of wage determination will be cited if in a particular instance it can be used to "justify" an increase. There is, for example, the old story of the attempt of the conductors and trainmen to raise eastern wages to the level of western wages in negotiations in the East and to insist upon maintenance of existing differential in favor of the western area in negotiations in the West.[19] Another example: in the railway wage arbitration of 1938, the trainmen made much of their patriotic desire to support President Roosevelt's program of high wages as a source of increased purchasing power.[20] Street railway workers maintain that a weak financial condition does not justify payment of wages lower than the level established in the industry as a whole. At the same time they will, in bargaining with a company, point out "exorbitant" profits as a justification for their wage demands.[21] The decline in popularity of the cost-of-living principle is clearly identified with the fall in prices in the early '20's, and Norton's study of the Massachusetts shoe industry provides an interesting and well-documented case of an about-face in announced union policy as prices begin to move down rather than continue up.[22] Two of the most interesting recent examples are principles emerging from the war, one already obsolete, the other of much wider influence but also on the wane. The first was stated by James Carey, secretary of the CIO, in 1942: "The primary aim of organized labor's wage policy in this period is to establish for American working people those wages necessary to maintain our workers at the highest possible level of health, efficiency, and morale."[23] Comment is hardly required. The second is the widely discussed principle of maintenance of take-home pay, a criterion obviously suited to reconversion.

As further evidence of opportunism, it is of the utmost significance that no criteria are fully accepted as principles by those who use them. William Green has called them "epithets";[24] and both the AFL and CIO have formally denied

[19] Frank H. Dixon, "Public Regulation of Railway Wages," *American Economic Review*, March 1915, Supplement, p. 251.

[20] Brotherhood of Railroad Trainmen, *Main Street—Not Wall Street*, *passim*.

[21] E. P. Schmidt, *Industrial Relations in Urban Transportation*, p. 205.

[22] Thomas L. Norton, *Trade-Union Policies in the Massachusetts Shoe Industry*, Columbia University Studies in History, Economics, and Public Law No. 372, p. 140.

[23] James E. Carey, "Labor's View of Wage Policies from Now On," *Proceedings of the Academy of Political Science*, May 1942, 79.

[24] John T. Dunlop, *Wage Determination Under Trade Unions*, p. 53.

the validity of these criteria if used for wage reductions. "Not alone in our conventions, but in the gatherings of labor generally, 'No reductions in wages' has been made the slogan and watchword."[25] While this slogan has been compromised time and time again in practice, it still remains a fundamental wage policy of unionism.

There remain three further considerations relevant to negotiations which reveal something of long-run aims. Two are sometimes involved in statements of wage aims, while one is not; and the latter gains its significance from this fact. The first is the occasional resort to the argument that the worker has the right to set the value of his labor, a proposition dispensing both with appeals to fairness and to economic factors and declaring in effect that the worker may do as he pleases with what he owns.[26] The second is the principle that workers be permitted to take full advantage of any scarcity in the supply of labor,[27] hardly a wage theory in itself but important as an expression of attitude. The third is one that might be expected to figure in union wage theory—unemployment. But workers do not judge the fairness or correctness of their wages by the existence of unemployment in their skill, industry, or market. It might be expected that unemployment would provide as effective a criterion of correct rates as profits and prices; and the fact that shortages of workers have been referred to in the demands for wage increases might appear to confirm the usefulness of such a principle. Actually, of course, union spokesmen refrain from using anything so dangerous. It is possible for them to argue and to believe that a shortage of workers justifies a wage increase without committing themselves to the proposition that unemployment is attributable to excessively high wage rates.[28] It is the disinclination of unionists to connect wage rates and the volume of employment[29] that explains in part their frequent confusion of high wage rates with high wage income.

III

The wage for labor has many dimensions, and we shall be misled if we identify wage aims with the wage rate alone. Wage increases may be won, for example, through changes in conditions of work, special conditions for overtime, or through vacations with pay. There may be a common tendency to underestimate the wage increases won through changes other than in the basic rate itself.

[25] Gompers, *op. cit.*, p. 70.

[26] See, for example, Ethelbert Stewart, *A Documentary History of the Early Organizations of Printers*, U. S. Department of Commerce and Labor, Bulletin of the Bureau of Labor, No. 61, II, 46. The position disregards, of course, the distinction between doing what one desires with what one owns and joining with others in collective bargaining to prevent others from doing likewise.

[27] See, for an example, Charles E. Zaretz, *The Amalgamated Clothing Workers of America*, p. 203.

[28] With respect to Great Britain: "The test of unemployment has never been regarded by the wage earner as adequate, because he regards unemployment, not as a sign that wages are out of adjustment with the derived demand for labor, but as a pestilence outside his control" (J. W. F. Rowe, *Wages in Practice and Theory*, p. 152).

[29] Except for the alleged contributions of high rates to high levels of employment through purchasing power, as already discussed.

A list of the gains made by members of the Brotherhood of Railroad Trainmen over a period of 52 years provides an excellent example of the variety of union activities which affect wages (although not all the listed gains are to be considered as wage gains).

Standard wages $131.90 to $185.00 per month for Brakemen and Yardmen, and to $265.00 for Conductors—8-hour day with 10 hours pay—time and a half for overtime—sixteen hours of service law—pay for lay over away from home—statistical schedule bureau—protective fund for strike benefits—experienced officers—legislative representation—home for aged—legal aid—monthly journal—National Retirement insurance—pay for dead-heading—time out for meals with pay—twice a month pay days—seniority—recognition—discipline only for cause—right of investigation and appeal—definite rules for promotion—full crew laws—train limit laws—many other state and national laws protecting railroad men—proper segregation of road and yard service—maximum clearance laws—local and general grievance committees on all railroads for handling disputes—adequate machinery for handling wage and schedule matters on all railroads—recognition and definition of basic day in all services—daily guarantee of passenger service—minimum guarantee rules in freight and passenger service—adoption of dual basis of pay (miles or hours) and recognition of extra pay for additional service—payments for terminal delay and terminal switching—additional payment for yard crews required to handle road service in connection with yard assignment—legal reserve life and disability insurance at low rates—$111,000,000.00 paid for death and disability claims—protection for tuberculosis—Federal Liability Act—safety appliance laws—modern cabooses—safer working conditions around switches and other yard facilities—washrooms and lockers at terminals—brakemen's seats in cabs on engines—jobs supported by contracts with 124 railroads—wage agreements with railroads representing 270,000 miles of the 282,000 miles of railway in the United States and Canada—more than 132,000 B. of R. T. members ready to help maintain present wages and conditions—progress in campaign for six-hour day with eight hours pay; a respectable job with decent pay and a secure future.[20]

In the pottery industry, according to McCabe, over a period of 14 years, workers' earnings in many cases increased 60 per cent and in some cases doubled without any significant changes in the piece rate itself. The gain was achieved largely by redefining the journeyman's tasks, as, for example, by freeing him from responsibilities for the preparation of the clay.[21]

The importance of alternative techniques for achieving wage gains is not that the sum total of wage demands is moderated by the employer's offering gains along one route at the price of the union's sacrifice of another route. Rather it is that income gains may be pursued along several routes at once; the alternatives offer to the union a wide number of fronts along which it can fight. There is no satisfactory evidence that the existence of alternative routes moderates union wage aims.

Recently welfare funds, which have figured dramatically in the negotiations of the United Mine Workers and the American Federation of Musicians, have drawn much attention to what is often taken to be an unusual device for increasing incomes of workers. Actually, similar plans have been in operation for some

[20] Quoted in Walter F. McCaleb, *Brotherhood of Railroad Trainmen*, pp. 222n and 223n.

[21] David A. McCabe, *National Collective Bargaining in the Pottery Industry*, pp. 219 f. and 235.

time in the men's clothing, the ladies' garment, the furniture, the electrical machinery, the shipbuilding, and the textile industries and in some service trades. Employer-paid assessments on payrolls have provided life and health insurance, hospitalization, vacations, and retirement.[32]

Because demands for welfare funds can be argued on the basis of special needs for workers—medical service and hospitalization, protection against industrial accident, a reserve against unemployment—they may produce more aggressive income demands than would otherwise develop, for they may be advocated and insisted upon not simply as alternative methods of winning income gains but rather as undeniably necessary and humane benefits for relief from the acknowledged hardships of industry. Again, the fact that income aims may be pursued through welfare funds as well as through wage-rate increases provides no satisfactory evidence that union wage aims recognize any upper limits or are for any other reason more moderate than wage aims pursued solely through wage-rate changes.

A related recent development is the demand for the annual wage. The object of much attention, as the Latimer Report testifies, the annual wage has not yet been established in a significant number of industries. In January 1946 only approximately 61,000 workers were known to be covered by guaranteed wage or employment plans.[33] Whether the demand for a guaranteed annual wage is to be ranked as an important wage objective is at present open to dispute. The general objective of the annual wage—employment and income security—is, of course, a major objective of workers and unions, but this is not necessarily to say that any real support for the annual wage is to be found in organized labor. The attention given to it by unions before the War Labor Board may signify nothing more than their desire to get around the limitations imposed upon the workers' incomes by the limitations on straight wage increases. Twenty months after the steelworkers had presented their annual wage demands to the War Labor Board, less than 40 per cent of the workers in the industry could answer affirmatively to a poll's question: "Have you heard of the annual wage?"[34] At present, the annual wage is being pursued vigorously by a very small number of unions; and a recent student of union attitudes on the proposal concludes: "The idea of industry-wide guarantee of an annual wage has so far not made appreciable headway in labor circles." But "all labor leaders have sympathy with the objective of job security that lies behind a guaranteed annual wage."[35]

The demand for the annual wage, where it is made, should be seen as a security aim rather than an income aim. Where high wages in seasonal occupations represent compensation for instability in employment, the presumption is that the

[32] The Inter-Union Institute for Labor and Democracy, "Royalties, Taxes and Assessments" *Labor and Nation*, Aug. 1945, Part 2, p. 3.

[33] U. S. Office of War Mobilization and Reconversion, Office of Temporary Controls, Report to the President by the Advisory Board (Murray W. Latimer, Research Director), *Guaranteed Wages*, p. 296.

[34] A. D. H. Kaplan, *The Guarantee of Annual Wages*, p. 23.

[35] *Ibid.*, pp. 44 f.

satisfaction of the desire for the annual wage would moderate the aggressiveness with which wage increases are pursued. Yet, while there have been some occasional union experiments with lower wage rates in exchange for stability of employment in the building trades, there is not much evidence that increased security will moderate the long-run wage or income aspirations of union members. If higher rates are sought in part as a security device, they are also sought for so many other reasons that the removal of one motive toward income gains does not suggest, even a priori, that income aims will be seriously modified by the achievement even of a higher degree of security than some of the most ardent proponents of the annual wage claim for it.

The Industrial Union of Marine and Shipbuilding Workers and the National Maritime Union of America, two of the most vigorous advocates of the annual wage, are on record as believing that the annual wage can produce significant desirable benefits only in a planned economy; and for this and other reasons, the two unions are at least officially committed to the advocacy of significant departures from the competitive order.[36] The demand for an annual wage is not ordinarily, however, a demand intentionally radical. Nevertheless, should the agitation for an annual wage catch fire and become a major demand of unionism in general, it is not improbable that it would become a demand for legal enforcement of payroll stability (which it is not at the present time, with some exceptions), in which case it would become in fact if not in intention a radical, however reasonable or unreasonable, proposal for economic reform.[37]

IV

This being the kind of evidence we have on union wage aims, what generalizations can be drawn with reasonable confidence as to their accuracy in describing union goals? Are long-run goals as radical as syndicalist schemes imply? Proper account must always be taken of the actual diversity of aim and philosophy from one union member to another, a diversity which is glossed over when the president of the CIO "speaks for" its members. Union wage policy can never accurately represent the differences in aims among individuals within any given union; and, although there is often a temptation to speak of wage aims of a large organization such as the CIO, aims may differ from one international to another, from one local to another, and in any organization from one time to another. Where the differences are between the rank and file and the leadership, it is frequently more important to understand the ideas of the leaders, since "official" wage policy will ordinarily be their formulation and will be accepted more or less passively by the rank and file as the policy of the union. Furthermore, to the extent that the union heightens the worker's interest in their wages,

[36] *Ibid.*, pp. 25 f.

[37] The possible economic consequences of the annual wage have been widely discussed: Wassily Leontieff, "The Pure Theory of the Guaranteed Annual Wage Contract," *Journal of Political Economy*, Feb. 1946, pp. 76–79; Rita Ricardo, "Annual Wage Guarantee Plans," *American Economic Review*, Dec. 1943, 870–890; Werner Hochwald, "Guaranteed Wages," *American Economic Review*, June 1947, 303–319; and the Hansen-Samuelson study contained in the Latimer Report.

focuses their attention on their inadequacy, and brings about a common approach to their problems, it probably changes their wage philosophy in the direction of that of the union officialdom.

Because the union member is a human being and not a member of a species apart, it is to be expected that certain hopes and attitudes are common both to unionists and nonunionists alike, as well as to "workers" and nonworkers alike. Considering the population as a whole, it is probable that not many people do much more than react favorably or unfavorably to immediate situations so far as wages and income are concerned. Of course, there is the democratic bent in American thought, which perhaps carries a considerable emphasis on the equalization of income. But in general people do not theorize about income, nor do they attempt to develop a comprehensive understanding of actual or possible patterns of income distribution. With respect to those few people who do think consciously about income, their ideas vary so greatly, depending upon their occupational experience, economic position, and political and social attitudes, that generalization is hazardous. Income aims tend to be influenced by the actual planes of living reached by the middle and higher income groups, not by investigation of how large a national income is to be divided. Of course, it is difficult for workers to argue that the employer is growing wealthier from their labor without becoming somewhat aware that income is a matter of distribution of shares of a total of limited size. Moreover, any equalitarian urge among workers carries with it some implication of sharing. Nevertheless, it is probably true that union leaders and members, almost to the same extent as the population as a whole, lack information as to the size and the distribution of the national income, although it would be foolish to push this generalization to include all unionists; and it is interesting to speculate as to the effect that a real appreciation of the facts would have on the formulation of wage aims. Related to ignorance of the facts is the common failure to take into account nonwage income in formulating union wage goals. Yet nonwage income is a very sizable quantity. Perhaps the explanation is the opportunism characteristic of wage policy. The union customarily takes advantage of all possibilities for increase; hence, it need not be detained by calculation of its members' nonwage income. Such a calculation would be undertaken only by persons who admitted such a thing as "too much." A major inference would thus appear to be that union wage aims are formulated without regard to those rates permissible in a competitive economy, where wage rates are a cost of production and serve to regulate both the volume of employment and the allocation of resources.

The fact of ignorance is an especially important one of many considerations which explain the impossibility of union wage aims. A few interviews with union leadership are sufficient to demonstrate the arithmetic impossibility of getting enough large pieces out of the national income pie to satisfy the union member. Where estimates of a living or saving wage run far beyond the capacity of the economy to produce, it may be argued that these stated aims are to be considered as goals for the future, and for a future sufficiently distant to allow their realization by means of a larger national income. But this overlooks the

fact that, although these union leaders do not expect to achieve the living or saving wage immediately, they insist that the goal they set is merely a statement of the amount of income which wage earners now deserve. The rise in national income will never catch up with their upward revisions in the standard itself. Frequently, unionists do not appear to be aware that standards of living are social rather than biological and that an income providing only for an extremely low standard of living is still an income far beyond the requirements of mere biological existence, if such an existence can be imagined. On the other hand, it is not uncommon for a union spokesman to indicate the highly subjective character of these wage aims.

Furthermore, unionism insists that income is a matter of "rights." A moral justification is established for aggressive wage policies, because the workers' "rights" to adequate income are held to be of greater moral value than adherence to the rules of the competitive game. Unionism, of course, does not invent such a moral justification; it merely reinforces a common state of mind. In a price system, the wage rate is both a device for distributing income and a price which allocates and regulates the flow of labor in production. What is a correct wage rate by one norm is not necessarily correct by the other, and we can hardly be surprised if a moral justification for rights to income should rise to challenge the "moral validity of prices." This consideration is crucial to understanding the anticompetitive characteristic of union wage aims. The competitive standard for wage determination is not a standard capable of commanding allegiance, it would appear. Workers do not understand the requirements of competition and consequently fail to be impressed with whatever virtues a competitive wage rate structure can claim. Furthermore, it would not be easy for workers to understand it in all its complexity even if a more concerted effort at their education were attempted than at present. In addition, the competitive standard is already the object of much antagonism, as can be seen by the characteristic slogan of unionism: "Take wages out of competition." Finally, it is easy to present (or misrepresent) the conflict between the competitive standard, which is the necessary standard under a price system for full and efficient utilization of resources, and the union standard, which is one of "fairness," and "decency," as a conflict between money and human beings or as one between a kind of mechanical perfection in society and humanitarianism.

However intensely unionists may insist that wage rates are to be considered as income and not as prices or costs, they are forced in negotiation to make some concessions. Their reluctance to do so is indicative of the tenacity with which unionists hold to their anticompetitive view of wage determination. While union spokesmen grudgingly admit that such factors as costs, ability to pay, and and business conditions must enter into wage determination, they continue to emphasize even in these short-run negotiations ethical and humanitarian over "economic" considerations; and "fairness" continues to mean essentially not fairness to the employer or consumer but to the wage earner. The "parasitic industry" argument, which is a kind of classic in union circles, and which is widely accepted by the public at large, is an excellent illustrative case in point. It is that "No industry is entitled to exist or survive in this nation that fails to

pay the workers who maintain that industry a decent living wage."[88] It has the effect of establishing a moral prohibition on so-called parasitic industries, and it discloses its anticompetitive bias in that it shies away from examining the consequences of driving low-wage firms or industries out of business.

Where a conflict between union wage aims and rates necessary to a well-run competitive economy is recognized, even conservative unionism insists on the sacrifice of competition to union demands. If the conflict between union demands and competitive requirements is disruptive to competition when not recognized, it is perhaps even more so when clearly identified. The evidence as to syndicalist tendencies in the thinking of top leadership in the labor movement and the apparent close connection between these syndicalist tendencies and the necessity of extricating unionism from the conflict between its demands and the actual possibilities within competitive rules, is striking evidence of the length to which even the most conservative unionism will go in order to establish the dominance of union demands over the requirements of competition.

The various criteria for wage determination, such as the cost of living or comparative wages, are significant in revealing not goals but minima for which unions will settle in negotiations. It cannot be denied that the worker's willingness to strike and his insistence that his officers negotiate a wage increase is heavily influenced by changes in the cost of living, by the worker's knowledge of what comparable workers are earning, and by the state of profits in the firm or industry, if known. The fact that these various criteria for wage settlements are influences on the minimum settlements which will be acceptable to unions strengthens the argument as to the anticompetitive character of union wage policy, for it can easily be shown that wage determination according to these criteria is seriously at odds with competitive requirements.[89]

As a penultimate consideration on the aggressiveness of union wage aims, there is the possibility to be considered that union aims would be modified if unionists clearly perceived the difference between wage rates and wage income. It is apparently widely believed that unionists are unaware that high wage rates may, through loss of employment opportunities, result in low wage income and, conversely, that low wage rates through high employment may result in high wage incomes. It is true that many unionists are confused on this point, although there is great variation in perception. The hope held out by this argument is vain, however, for, even if the unionists clearly understand the repercussions of their wage gains upon employment opportunities, intelligent self-interest does not dictate a policy of restraint in wage demands. A majority within a union, or an active minority, for that matter, can profitably raise the wage rate to a point at which large numbers of other members lose their jobs. And in conditions of expansion or in circumstances in which costs are being reduced by technological innovations, large wage increases above competitive levels may produce no employment at all.

Finally, it has been suggested that union wage aims may be moderated by

[88] Brotherhood of Railroad Trainmen, *op. cit.*, p. 43.

[89] See the discussion of them in Sumner Slichter, *Basic Criteria Used in Wage Negotiations*.

consumer-mindedness. This is possibly true, but evidence is lacking. Union support of price control during the war and the insistence of the UAW-CIO in the 1946 General Motors strike that wage concessions not be passed on in automobile price increases lend plausibility to the argument. But political support for price control, which is in the interests of organized labor, is something quite different from refraining from aggressive wage demands. The former is presented as an issue of general rules to be followed in the economy. The choice is price control or no; and the unions do not have the third choice of price control without wage control. Strategy in the General Motors case seems to have been based on special considerations including the need for public support of a strike at a time when the public was sensitive to price increases. The consumer's voice was thus heard, and it was perhaps effective; but it can hardly be concluded either that unions will significantly alter their demands out of concern for product prices or that they will defer to the consumer as a matter of strategy in times in which their repercussions on prices are less subject to public scrutiny. The extent to which unions support monopoly in the product market is further evidence on this point.[40]

The inference is not to be drawn that union wage goals are to be condemned. If there is a conflict between unionism and the competitive system, it is an open question as to which must yield. To apply as the test of wisdom the rules of a competitive economy is to beg the question when competition is itself under attack. The present analysis is hardly suited in any case to pass judgment on unionism. Wage aims are not wage gains attained, and the most important inference from the foregoing may be that unionism is representative of attitudes hostile to the rules of the competitive game rather than that any particular wage policy can be predicted from wage aims.

[40] See Dunlop, *op. cit.*, chap. vi.

BOOK REVIEWS

The National Debt and the New Economics. By Seymour E. Harris. New York: McGraw-Hill Book Co., 1947. Pp. xix, 286. $3.50.

Professor Harris believes that certain "new ideas on the public debt" have failed "to take hold." He devotes one chapter (VI) plus several pages elsewhere to an explanation of why this is true. Briefly, it is because "vested interests increasingly organise to quarantine new ideas that are unpalatable to them" (p. 50). This book is an attempt to present in elementary and popular form the logic of the "New Economics" in respect to the national debt.

The main line of the argument is the familiar one which has been developed during the past 10 years by Hansen and others. Briefly its main points are: (1) the private economy is not likely to develop sufficient demand to support full employment in time of peace; (2) the best means of creating additional demand is through deficit spending, the bonds to be bought mainly by banks through an expansion of the money supply; (3) the process can be controlled so as to prevent a serious inflation; (4) the debt so created "may be" a burden, but it is offset by benefits; (5) we can count on steadily rising production and national income to keep the debt burden small; (6) the tax system should be steeply progressive with little or no taxes on payrolls and consumption; (7) interest rates should be kept low. The debt would be increased without limit so long as there was need for deficit spending.

Professor Harris fails to make a convincing case for several reasons. First, he does not answer major criticisms of this theory which have been made during the past 10 years. For example, it has been pointed out that the high progressive taxes which are a part of this program would discourage investment at a time when low investment is the cause of the trouble. He admits that investment would be discouraged but makes no attempt to evaluate its importance. Thus he does not show why it is not possible, or even probable, that the stimulating effect of deficit spending might be entirely absorbed in offsetting the discouraging effects of the higher taxes. It has been further pointed out that a program of this kind must, under present conditions, rob central banks of their power to control credit. This has actually happened, but there is no recognition of the fact here. Further, the gross, quantitative type of analysis used here allows for no distinction between funds which go for tax payments and those which are used to purchase goods and services. The taxpayer is supposed to behave the same economically regardless of whether he gives his funds to the government or uses them for his own enjoyment.

Second, aside from omissions, this presentation contains many serious errors of method and logic. Two examples must suffice. In attempting to prove that there will be a deficiency of demand in the postwar economy, the author states, "Forecasts of future consumption demand in peace can be little more than informed guesses" (p. 96). He then rejects two studies which indicate that demand might be sufficient as being of "limited significance" because they rest on esti-

mates of consumption demand and concludes "that consumption was 72 per cent of GNP in 1940 is no guarantee that it will continue to be 72 per cent of GNP." On the next page he accepts a study which indicates a deficiency of demand although it is based on the assumption that " 'the volume of consumer expenditures in the postwar will bear a stable relationship to the aggregate of disposable income.' " He concludes the chapter by stating that "clearly, on the basis of past relationships, the level of private spending required to provide full employment seems unattainable" (p. 102).

The second example deals with the inflation problem. The author states (p. 123), "*An expansion of money, the frequent accompaniment of deficit financing, will bring in its wake price rises long before a position of full employment has been attained*" (italics in original). One possible corrective would be "to allow prices to rise, offsetting the increase in the cost of living by subsidies on cost-of-living items, and higher taxes to be paid by non-wage earners" plus "price and other controls" (p. 124). On the following page the author states that "since none want more permanent controls, we can assume that most, if not all, controls will be dropped." In any case this proposed "corrective" is so vague, so complex, and so unacceptable politically that it hardly deserves serious consideration. The second possible corrective would be to allow prices and interest rates to rise, thus producing unemployment. "Equilibrium would then be established at a point short of full employment" (p. 124). But Professor Harris' whole program is designed to prevent just this very thing. This "corrective" would mean abandoning the whole program and allowing inflation to run its course. The author has no further suggestions to offer for the control of inflation except to express the hope that, if the situation should become serious, "the monetary authority, inclusive of the Treasury, will, it is presumed, adopt neutral or even anti-inflationary measures. How difficult it is to control inflation in a full- or high-employment economy is no doubt apparent from this section; but let the reader not exaggerate the difficulty" (pp. 124–125).

In 1943 Professor Harris, in another book, stated: "It may be a shock to many to learn that a public debt of $4,000 billion *may* (italics in original) be carried by the economy without a collapse of the capitalist system, a repudiation of the debt, or a great inflation. Yet the *arithmetic* (italics supplied) of the problem suggests this conclusion" (*Postwar Economic Problems*, p. 184). Now, in this book, he believes that such a debt would be "fantastic" (p. 162). Since a debt of 7 per cent of the above amount has pushed prices up 100 per cent since 1939, the latter view would seem to be more nearly correct. Professor Harris believes that the reason for the inflation was that "unfortunately, controls were scrapped too soon" (p. 13). This raises two pertinent questions: (1) Under a program of this kind, would there ever be a time when it would be economically feasible to drop controls? (2) Will not political considerations always force the dropping of controls before it is economically feasible to do so?

In the discussion of taxes there are difficulties also. For example, orthodox theory of tax incidence holds that a corporate income tax is not shifted because prices are determined by the no-profit firms which pay no tax. Professor Harris

questions this point and states: "Prices are not in fact determined by the no-profit firm. At any one time or other, there are some firms that suffer losses but nevertheless produce" (p. 215). He then gives figures to prove this statement. Of course; the no-profit or marginal firms must produce or they could not determine prices. The whole theory turns on this assumption. It is possible to make a strong, logical argument against this theory, but it is not made here.

Professor Harris dumps statistics and arguments upon the reader like a power shovel dumping dirt into a truck—and with as little discrimination. If an argument serves his purpose at one point, he uses it; if the same argument works against him at another point, he rejects it. For example, when he is contending for low interest rates on the debt he states that, "it is the fashion in economics today . . . to question the great importance of interest rates as a determinant of economic activity" (p. 272) and indicates his approval of this trend. But when he is stating the case against higher interest rates on the debt he holds that "higher rates are bound . . . to discourage investment" (p. 254). And then there are puzzling contradictions, sometimes on the same page. On page 243 he proves in one paragraph that "a large part of the securities held by individuals and business are short term." In the next paragraph he proves the exact opposite, and ends with a reference to a table which "reveals relatively small amounts of short-term issues held by individuals."

The seven sections and 24 chapters into which the book is divided, the three summary chapters at the beginning, introductions to the sections, introductory sections at the beginning and summaries at the end of each chapter, the liberal use of italics, and frequent changes in type all combine to produce a choppy and repetitious style. To use the author's own phrase, his ideas are "not packaged attractively."

It may be doubted whether this book will greatly further the "taking hold" of the "new ideas on the public debt" among a wider public.

Duke University B. U. RATCHFORD

The New Economics: Keynes' Influence on Theory and Public Policy. Edited by Seymour E. Harris. New York: Alfred A. Knopf, 1947. Pp. xv, 686. $4.50.

The New Economics is a volume to which 26 able and well-known economists have contributed.[1] While most of the contributors are pro-Keynesian, there are a few who are distinctly skeptical of many of Keynes' ideas, if not openly anti-Keynesian. The book is not a symposium on the debatable points in *The General Theory* but represents an attempt at comprehensive treatment of the basic books, articles, and ideas released by Keynes through his relatively long and active career.

For those who feel they are never quite ready to deal adequately with the ideas

[1] Lord Keynes, Arthur I. Bloomfield, Gerhard Colm, Douglas B. Copland, Richard M. Goodwin, Gottfried Haberler, Alvin H. Hansen, R. F. Harrod, Albert G. Hart, Benjamin Higgins, Randall Hinshaw, Wassily Leontief, Abba P. Lerner, John Lintner, J. E. Meade, Lloyd A. Metzler, Ragnar Nurkse, Joan Robinson, Paul A. Samuelson, Joseph A. Schumpeter, Arthur Smithies, Alan Sweezy, Paul M. Sweezy, J. Tinbergen, James Tobin, Seymour E. Harris.

of a great man till they have familiarised themselves with his "life and works," it may be noted that the book begins with the obituary of Lord Keynes as carried in the London *Times*, April 22, 1946. This is a splendid biographic sketch. The volume ends with Part Ten, which carries a complete bibliography of Keynes' writings. It includes his books, pamphlets, reviews, reports, etc. So prolific was Keynes as a writer, that this section alone covers 20 pages.

By way of general comment, it must be said that this is a very comprehensive work and deals with all the major ideas of this great economist. Able discussions will be found on economic consequences of the peace; saving and investment; gold standard and managed currency; expectancy; the rate of interest; international economics; the demand function; the consumer function; the acceleration principle; and the multiplier.

No comprehensive digest of the book as a whole is here permissible, yet a few observations by the reviewer may perhaps be in order. The first is Keynes *the man*. He was an economic adviser to the English delegates to the Versailles Conference at the end of World War I. When he saw that decisions were being made which he deemed to be utterly unsound; that policies were being formulated which never could be carried out, he resigned from the Conference, went home, and wrote *The Economic Consequences of the Peace*. It is doubtful if time and later developments ever vindicated a man so completely. From then on, when Keynes spoke, politicians and statesmen listened. Although Keynes became a great policy maker for his country, and was continually working with politicians given to expediency, Keynes would not sacrifice a fundamental idea for harmony and expediency.

On the other hand, it must be said that Keynes was ever concerned primarily over the welfare of England. As Schumpeter well says, "It cannot be emphasized too strongly that Keynes' advice was in the first instance always English advice, born of English problems even when addressed to other nations. Barring some of his artistic tastes, he was surprisingly insular, even in philosophy, but nowhere so much as in economics."[2]

This perhaps explains partially, at least, why so much of his time and thought was given to the problem of full employment. It was England's greatest economic problem in the decades of the twenties and thirties. Indeed, some have called the Keynesian economics a *depression economics*. Thus, starting with the prolonged depression in England, it need not be so surprising that his meditations ultimately led him to champion the idea of a matured economy, secular stagnation, and the need for a fiscal policy of deficit spending as a guarantee of full employment. Yet, unless one recognizes such an analysis as *insular*, primarily relevant to England, then he makes the mistake of giving to Keynesian theory on this subject a degree of universality probably never intended, even by its author. Certainly many American economists who avidly appropriated this segment of Keynesian economics as valid *semper et ubique* have been made to appear very foolish and many have already reversed themselves on the matured-economy-secular-stagnation doctrine.

[2] *The New Economics*, p. 85.

By way of final statement, the writer wishes to state that this is a very important book. It is important because of the impact which Keynes and his ideas have made on the world. It is important because of the comprehensive treatment given to all the basic works of Keynes by very able economists. The editor, Mr. Harris, is probably justified in saying that "this is perhaps the first volume of Keynesian economics prepared since Lord Keynes' death. Keynesiana may well ultimately account for more printed words than Marx. This early volume, we hope, will occupy an important place in that literature."[3]

Louisiana State University H. L. McCRACKEN

Economic Policy for a Free Society. By Henry C. Simons. Chicago: University of Chicago Press, 1948. Pp. vii, 353. $3.75.

The late Professor Henry C. Simons was one of the few economists of this era who thought out carefully the meaning of economic freedom and he was one of an even smaller number who tried to formulate a program for its survival. The gathering together of his essays is a piece of good fortune for everyone, in the economics profession and out of it, with a taste for lively yet responsible discussion. Not everyone will accept the conclusions of this book but they cannot fail to recognise it as a remarkable work, both for the cogency of the argument and, what is even more rare in economic tracts, its distinctive style.

It was the view of Professor Simons that economics was a problem-solving discipline, faring best when it was focused on critical issues of policy and advancing most when policy was in urgent need of discussion. These essays are directed to four large areas: monetary and fiscal arrangements to provide stability in the general price level and thereby full employment; antimonopoly measures designed to enforce competition in the domestic market; trade and monetary provisions to promote free international commerce; and methods of developing economic equality, initially through personal income taxation and ultimately by investment in human capacity. In discussing these problems, Professor Simons affirmed the validity of neoclassical value theory and advanced his monetary, banking, and fiscal doctrines, which if not wholly unique were freshly interpreted and given an original application.

This book does not contain all of his work. A detailed exposition of federal tax policy is to be published later. One wishes that there also would be published his outline of price theory, which was prepared for students at the University of Chicago, and which, in this writer's opinion, is just about the best thing of its kind.

One of the most interesting chapters in *Economic Policy for a Free Society* is the "Political Credo." It is noteworthy for the effort to examine how freedom and equality can be secured and enlarged through the institutions, political and economic, which we now have or are likely to have in the foreseeable future. A careful reading of this statement will disabuse any of those who might think the book an apology for the status quo, and, indeed, the uncritical defenders of the faith of free enterprise will find it a compelling specific. It is of no less value to those

[3] *Ibid.*, p. 8.

who have been beguiled by the promises of big government to work away our economic troubles by a flourish of planned miracles. Throughout its pages, *Economic Policy in a Free Society* will serve to disenchant both groups.

The University of Illinois in Chicago WILLIAM D. GRAMPP

Aspects of British Economic History 1918-1925. By A. C. Pigou. London: Macmillan & Co., 1947. Pp. viii, 251. $3.50.

This study of the British economy during the period from the 1918 Armistice to the restoration of the gold standard in 1925 was written in 1941–42 for use and guidance of the British government in formulating policy with respect to problems likely to arise during the immediate post-World War II period.

Except for the chapters on the causes of the monetary boom and slump of the early 1920's, which are not so much a pure description of what happened as they are a discussion of those events in terms of business cycle theory, the book is a description of what happened during the six-year period in the fields of employment, production, government control, and money. Professor Pigou does not attempt to go beyond the facts to make any specific recommendations as to post-World War II policy.

In the part on employment, the experience during the demobilization and reconversion period is set forth in some detail. Estimates are made of the contraction in employment which took place, and the measures which government took to ease the transfer of workers from war industry and the army into peacetime employment are described. The immobility and maldistribution of labor as between overcrowded and less crowded occupations is also dealt with here.

After employment, the course of physical production during the early 1920's is considered. The general analysis is followed by chapters which describe in more detail developments in shipbuilding, housing, and in cotton exports.

The section devoted to government intervention in industry contains a historical sketch of wartime controls and a description of the rapid decontrol which followed the Armistice, the conclusion being that a less impetuous abandonment of controls would have left the government with power to do more to avoid the distresses of the postwar depression. This section also includes short descriptions of wartime price controls, subsidies, and rationing, and an explanation of why such restrictions were necessary. The postwar modifications of Britain's traditional laissez-faire foreign trade policy are likewise described briefly.

That part of the study dealing with monetary factors includes a review of the movement of the bank rate, the preoccupation with the state of the American exchange, and the dominating desire to reestablish the prewar gold standard. Included also are estimates of the quantity of money and bank deposits, volume of nonfinancial clearings, the level of money income, prices and price movements, and the money rates of wages during the period.

In the last part of the book Professor Pigou undertakes to explain the causes and conditions of the monetary boom and of the slump which followed. The causes of expansion and contraction are discussed in terms of business optimism and pessimism and the resulting changes in demand for bank credit and in veloc-

ity. It is suggested that the expansion could have been materially restrained had the bank rate been raised enough to discourage borrowing and to increase the desire for liquidity.

Professor Pigou takes time out to disagree with those who have attributed the expansion in part to government policy of undertaxation during the boom, although the examples he cites of increases in selected taxes and in aggregate tax revenues during the boom year may not completely prove his case.

The slump was not caused initially by contraction in bank credit, but solely by the change in business attitudes toward the profitability of borrowing and using money. Anticipations, which had risen with relaxation of government controls, fell when demand contracted after watime losses and deterioration of capital equipment had been made up and dealer stocks restored to normal. There was no intervening public works program to take up the slack.

While not agreeing with Mr. Hawtrey's thesis that the dominant factor in bringing on the slump was the effect of an increased bank rate in dampening business expectations and the demand for funds, Professor Pigou does include the monetary deflation inaugurated by changed anticipations of Hawtrey's "traders" as an important contributing factor once the slump got under way. It is also implied that a lowering of the bank rate, once the depression was underway, would have been an important factor in moderating the slump and the collapse of employment.

The study concludes with some calculations of what happened to real income and real wages during the six years following the end of the war. Both were approximately as high in 1924 as they had been in 1913.

This experience of recovery after the first war and the fact that fewer men were killed in World War II leads Professor Pigou to end his study on a note of optimism and to express the hope that, despite the debt and capital losses brought on by the recent war, the foundations of Britain's economic strength may not have been irretrievably impaired.

It must be remembered that this hope was expressed in 1941–42. Mill wrote that "the possibility of a rapid repair of disasters mainly depends on whether the country has been depopulated. If its effective population has not been extirpated at the time and not starved afterwards, then, . . . they have nearly all the requisites of their former amount of production." One wonders about the possibilities of rapid repair when the population is starved afterwards.

Emory University GORDON SIEFKIN

Prosperity Decade: From War to Depression: 1917–1929. By George Soule. New York: Rinehart & Co., 1947. Pp. xiv, 365. $4.00.

This book is Volume VIII of the very important and interesting series dealing with the Economic history of the United States, being published by Rinehart & Company under the general editorship of Henry David, Harold U. Faulkner, Louis M. Hacker, Curtis P. Nettels, and Fred A. Shannon. Apart from the specific virtues of this particular volume, the publishers and the editors of this series should be complimented upon this publishing undertaking. Economic history

has been much neglected in many universities and colleges. Only recently have many economists and university people generally come to realise the enormous value of such studies in fully understanding the American economy in all its intricacies and contradictions.

In this particular volume, the author deals with the period between the entrance of the United States into the first world war, and the bursting of the prosperity bubble in 1929—from the somewhat bungling efforts of the United States to gear its economy for war to the scramble for cover by those in the autumn of 1929 who were betting upon perpetual prosperity and lush stock market profits.

Mr. Soule brings into his volume an extraordinary amount of factual data, for a book of this length. In general, he uses this data in such a way as to make it highly interesting as well as informative reading. Certain chapters in the first half of the book suffer in being a recitation of facts, sometimes without adequate integration into a comprehensive frame of reference, but this is a criticism which it would be easy to overstate.

The author reveals a wide acquaintance with the intricacies of the American economic system. He avoids, therefore, the pitfalls of many writers who have attempted to discuss various aspects of the country's economic life during the 20's. He is wary of single line answers to difficult and complex relations in the economy. This is especially evident in his discussion of labor, and the farmers, and in his consideration of the depressions of 1921 and 1929. No pet theory is presented which purports to explain all of the economic headaches of the period. Likewise, the discussion is too sophisticated to stoop to a glorification of the prosperity of the period.

Mr. Soule's discussion of the debacle of 1929 is very suggestive, but he does not undertake a definitive analysis of the forces at work. It is unfortunate that the scope of the book did not permit a more thorough exploration of the results of administered prices of commodities in the market as compared with consumer buying resources. Likewise, the problems of investment, both private and public, could be very fruitfully pushed much further than was possible in this study.

Finally, it should be observed that Mr. Soule has revealed a rare gift in blending his economic analysis with a first-rate historical treatment of a confused and complicated period in our history. This is no mean achievement.

Economists, historians, and general readers alike can profit greatly from a reading of this interesting and informative volume. In these times, one cannot help but wonder whether the next decade or so may not follow a similar pattern to that of "Prosperity Decade."

University of North Carolina PAUL N. GUTHRIE

Depression Decade. By Broadus Mitchell. New York: Rinehart & Co., 1947. Pp. xvii, 462. $4.00.

This significant volume is Volume IX in the Economic History of the United States series being published by Rinehart and Company, under the general editorship of Henry David, Harold U. Faulkner, Louis M. Hacker, Curtis P. Nettels, and Fred A. Shannon.

The publication of this volume is particularly welcome at this time, coming so soon after Dr. Soule's work in the same series dealing with the twenties. Dr. Mitchell has done an excellent job in relating the two periods—a task which must be done if the events of the thirties are to be understood.

The writing is clear, challenging, and in many places provocative. A wide range of data have been brought together and clothed with meaning in relation to the events under review.

Dr. Mitchell's understanding of the economic significance of the matters discussed enables him to give a much more realistic study than a more traditional historical analysis would do.

One of the interesting characteristics of the book is the comments upon the various personalities involved in the dynamic happenings of this stormy and frustrating decade. In particular, the contrast between Hoover and Roosevelt in their respective approaches to the problems of the depression are of special interest.

With all of its many virtues as a study of this era, the book is subject to two criticisms in particular. First, the treatment tends to be more episodic than in terms of long-range historical perspective. Perhaps that is inevitable since the events discussed are so close to the present day in time.

Second, the author brings into his discussion many summary conclusions and judgments that at times appear to be gratuitous and that certainly are without adequate supporting analysis. It poses the old, old problem in writing of this kind, to what degree shall the author give expression to his own personal predelictions and philosophy. There is no easy answer to that problem. However, the exercise of that questionable method in this book has resulted in inadequate analysis of many topics considered, but concerning which broad conclusions are drawn, nevertheless. The treatment of the TNEC is an example, as well as the evaluation of many New Deal policies during the decade. Frequently, they are evaluated in light, not of their pragmatic contributions within the context of the economic order then existing, but rather in the light of an economic order assumed in the mind of the author.

In spite of these criticisms the book is a highly useful volume, and one which should have a wide reading.

University of North Carolina PAUL N. GUTHRIE

The Industrial Revolution in the Eighteenth Century. By Paul Mantoux. New York: Macmillan Co., 1947. Pp. 539. $5.00.

Mantoux's authoritative work needs no introduction to students of economic history. Generally accepted as one of the great works of our discipline, this book has been widely employed as a foundation for the study of the modern period. The publishers have rendered a distinct service by making this volume once again generally available. The translation by Mrs. R. V. Vernon is that of the 1935 revision by Professor Mantoux.

University of Virginia D. CLARK HYDE

The Economic Rivalry Between St. Louis and Chicago, 1850–1880. By Wyatt Winston Belcher. New York: Columbia University Press, 1947. Pp. 206. $3.00.

This book attempts to explain and account for the greater economic growth of Chicago from 1850 to 1880 as compared with its competitive rival, St. Louis In 1850, St. Louis had a population of 160,773 and occupied a dominant position on the Mississippi River. Here the trade of the upper Mississippi, together with its important tributaries, the Missouri and Illinois, ended and the trade of the lower river began. St. Louis was the hub of the midwestern river transportation system. The period from 1850 to 1860 was the "golden age" of steamboating and St. Louis was the point where traffic on the great inland rivers tended to converge. In 1850, 2,897 steamboats arrived at St. Louis and by 1860 the number had increased to 3,454. No other interior river city posed a threat to the dominant economic position held by St. Louis.

Chicago, in 1850, had a population of 29,963, but Chicagoans were full of confidence and determination regarding the future of their city. By 1860, the population of Chicago had increased to 109,260, still smaller than St. Louis, but growing more rapidly.

The first major development which tended to direct trade from St. Louis to Chicago was the construction of the Illinois and Michigan Canal. With the opening of the canal, many steamers, instead of going to St. Louis, turned up the Illinois river to forward their cargoes to the east via Chicago. Of still greater importance was the opening of a railroad from Chicago to Elgin in 1850. By 1855, it was possible to travel from Chicago to the Mississippi River by rail—an achievement which caused an even greater diversion of upper river trade from St. Louis to Chicago. The construction of the Illinois Central railroad connecting the Mississippi River in northern Illinois with the Mississippi River at Cairo, with a branch to Chicago, served to give a rail "cut-off" which hurt the trade of St. Louis and at the same time improved the commercial position of Chicago.

Railroad development continued vigorously but St. Louis was content to rely on the "natural" method of river transportation. By 1857, railroads tributary to Chicago had a mileage of 3,950. These railroads were for the most part very profitable and by 1860 Chicago had become the railroad center of America—served by 11 trunk lines and 20 branch and extension lines.

St. Louis, on the other hand, found great difficulty in adjusting to the drastic economic change brought about by the successful development of railroads. It was not until 1853 that the first section of the Pacific Railroad Company was completed. It ran from St. Louis to Pacific—Pacific, Missouri, that is—37 miles west, and it was not until 1865 that it reached Kansas City. By 1860, the entire state of Missouri boasted of only 796 miles of railroad while Illinois had 2,867. Railroads tributary to St. Louis were constructed at high costs per mile. They were in almost continuous financial difficulty and had to be heavily supported by the city and state governments and after construction were mostly unprofitable.

The impact of the Civil War further stimulated the business of Chicago while it greatly retarded business in St. Louis. Much of the river was closed to trade,

causing business in St. Louis to be very dull while Chicago grew and prospered as a war center of production and distribution.

After the war, St. Louis attempted to regain its position of prominence. But trade tends to move east and west and there was no railroad bridge at St. jouis until one was built in 1874, a step in the right direction, but too late. Even the Chicago fire of 1871 could not foreclose upon the destiny of Chicago.

Throughout the book and in his summary analysis, the author considers superior railway facilities and more astute business leadership to be the main factors which caused Chicago to become the most important city of the Midwest instead of St. Louis. In the reviewer's opinion, a much more important factor of geography is involved. Earlier development of the East caused trade to move chiefly in an east-west direction. Chicago lies to the east of the great rich hinterland of Illinois, Iowa, Wisconsin, and the upper Mississippi. St. Louis is at the southern tip of this rich area. With the supplanting of steamships by railroads, St. Louis could not have expected bo become the dominant city even with astute businessmen. (Had they been astute they would probably have gone to Chicago.) Chicago, in a railroad economy, occupied a most advantageous position on the short and easily accessible east-west trade route. Lake Michigan acted as a barrier to railroads that might have by-passed Chicago to the north. Thus, trade from all of the upper Mississippi River moved naturally through the Chicago gateway.

Kalamazoo College JOHN T. MASTEN

Der Wandel des internationalen Kartellbegriffs. By Frederick Haussmann. Berne: Francke, 1947. Pp. viii 160. S.fr. 11.50

This study by a distinguished cartel specialist is important for America not so much because of the competent brief discussion of the background and historical development of American legal anti-cartel doctrine and practice, which offer little with which American informed readers would not be conversant. It is valuable for American readers because it offers a good up-to-date survey of international literature on cartels and commodity agreements, and because it contains a convienient reproduction of some important international documents and statistics about international cartels.

Duke University HERBERT VON BECKERATH

Staatswirtschaftslehre des Kameralismus. By Anton Tautscher. Berne: Francke, 1947. Pp. 127. Paper, s.fr. 14.50.

Albion Small's study of Cameralism, written almost 40 years ago, served to emphasise that the German writers of this school were more political scientists than economists. Dr. Tautscher does not challenge this estimate but professes to discover a new significance, if not timeliness, in reexamining the Cameralist literature. The peculiarities of the Cameralists' approach to economic questions led to their rejection by the classical economists, but precisely "on account of the special character of its problems [Cameralism] has a much wider appeal today. Its special characteristic consists in the all-pervading politico-economic orientation of its problems. There is not a single economic institution which is not ana-

lyzed in the light of its use as an instrument of economic policy, with the result the *Staatswirtschaft* becomes almost synonymous with *Wirtschaftspolitik*."

Besides rehashing the more or less familiar notions—fundamentally mercantilistic—of Justi, Hornick, and Sonnenfels, Tautscher draws from the work of many obscure writers, some apparently unfamiliar to Small. On the other hand, Seckendorff, whom Small called the "Adam Smith of Cameralism" appears to be unknown to Tautscher.

Duke University R. S. SMITH

Trends in Output and Employment. By George J. Stigler. New York: National Bureau of Economic Research, 1947. Pp. ix, 67. $1.00.

This book is the eleventh of a series of reports by the National Bureau of Economic Research dealing with changes in production, employment, and productivity in the United States. The period covered by this latest report is that of 1899–1939, which is about the same as the period covered by most of the reports that have been issued.

The report is a summary of the results of a study of six industries—agriculture, manufacturing, mining, gas and electric utilities, and steam railroads. These industries gave employment to two-thirds of the nation's gainfully employed in 1899, but to only slightly more than half in 1939. In the latter year four-tenths of the national income originated in these industries.

The study set out to answer three questions: What changes in the quantity and quality of the output of the industries occurred during the period? How did the amount, composition, and distribution of labor in the industries change? What changes took place in the efficiency with which labor was utilized?

The answers are indicated by the following indexes:

	1899	1909	1919	1929	1939
Output	100	146	196	283	289
Employment	100	129	153	150	130
Output per worker	100	113	127	189	222

Dr. Stigler is mindful of the difficulties that are inevitably encountered in the construction of index numbers which may be relied on to measure the nature and extent of economic change. For example, he regrets that he has not been able to measure and weigh changes of a qualitative nature to his entire stisfaction. But it would seem that there is no good reason for not accepting the index numbers which he has evolved or adopted until more reliable numbers can be constructed.

This report is the result of a sincere and able effort to provide other measuring sticks of our economic progress in the past. It may, as the author hopes, afford a help in testing "one version of the 'stagnation' theory."

Mary Washington College of the University of Virginia JAMES HARVEY DODD

Income and Employment. By Theodore Morgan. New York: Prentice-Hall, 1947. Pp. xv, 280. $3.25.

This book makes a contribution to economic literature by interpreting income, production, and employment figures for the interwar period in the light of the

Keynesian scheme. The profusion of topics takes the reader through the measurement and constituents of income, production, and employment, the causes of aberrations in their volume, and policies directed toward their maintenance at a high level. The policy recommendations are for the most part merely restatements of long advocated economic principles. For instance the author would have, among other things, tax credit for years of loss or low income set against years of high income, a preplanned program of public works, and a consumer subsidy program. Another proposal is to shift the social attitude of hostility away from profit and profit makers and direct that hostility (and presumably the tax burden) toward unearned incomes. According to the author, unearned incomes arise from monopolies of the antisocial sort and from inheritances. He wisely refrains from attempting to decide what is and what is not an antisocial monopoly and what constitutes unearned income.

The success of the book will perhaps lie in its timeliness. Such issues as the size of the national debt, measures to control inflation, and international monetary and financial cooperation are discussed.

Despite its appropriateness to our present economic situation, the vacillating nature of this survey in aggregate economics often obscures the central purpose of the author: to promote governmental policy consistent with lessons of the Keynesian scheme. The resulting incongruity can be attributed to the nebulous coverage of a multitude of lesser topics built upon the main superstructure. Indeed the kaleidoscopic mass of minor topics is so broad that the reader arrives at the end of his journey feeling he has been on a quick sight-seeing tour through the entire field of economics. Less extensive and more intensive cultivation of the subject would have greatly improved the effectiveness of the author's plea.

North Carolina State College, WILLIAM F. E. LONG
University of North Carolina

Value of Commodity Output since 1869. By William Howard Shaw. New York: National Bureau of Economic Research, 1947. Pp. x, 310. $4.00.

Value of Commodity Output since 1869 is the sixth volume published by the National Bureau of Economic Research presenting the results of its research on commodity flow in the United States. The first four volumes—*National Income and Capital Formation* (1937), *Commodity Flow and Capital Formation*, Vol. I (1938), *Capital Consumption and Adjustment* (1938), and *Outlay and Income in the United States* (1943)—present detailed estimates of the flow of commodities and services in the various segments of the economy since 1919. The fifth volume, *National Product since 1869*, presents decade estimates for broad categories back to 1869. The sixth volume, *Value of Commodity Output since 1869*, presents detailed estimates of commodity output at producers' prices from 1869 to 1919 with estimates for broad commodity groups carried to 1939.

The steps employed in this study are as follows: (1) The value of output of the different commodities and commodity groups is adjusted for value of exports and imports to obtain the value (in current prices) of domestic consumption, (2) the estimates obtained in step one are expressed in terms of 1913 prices, and (3) these

two series are thoroughly analyzed to show (a) the rates of growth of output by commodity group and (b) the shifts that have taken place in the composition of the flow of commodities destined for domestic consumption. From these shifts, changes in the structure of the commodity-producing economy are inferred. These structural changes have been inferred empirically before, but this study for the first time expresses these changes with reasonable mathematical precision.

Part I of this study contains a summary of the results; Part II describes the preparation of the detailed production estimates in current prices; Part III contains data on exports and imports; and Part IV the development of price indexes used to adjust output values for price changes. For the eight census years from 1869 to 1919 values are shown on a comparable basis for several hundred commodities; while annual estimates from 1889 to 1939 are made for almost 40 distinct commodity groups.

This study, together with the forthcoming detailed study by the United States Department of Commerce of the flow of commodities and services since 1919, will provide a continuous record covering three-quarters of a century. These studies probably will be the definitive study of commodity flow in the United States and as such will provide valuable information concerning the pattern of economic development and the workings of the commodity-producing sector of the American economy. Economic historians as well as theorists and practicing economists should find this study useful.

Alabama Polytechnic Institute HAROLD E. KLONTZ

Principles of National Income Analysis. By Carl S. Shoup. Boston: Houghton Mifflin Co., 1947. Pp. xiii, 405. $5.00.

This volume of 11 compact chapters is a descriptive, illustrative, and critical review of the methods, techniques, and assumptions employed by recognized authorities to estimate national income, net product, savings and investment, with particular reference to our national economy.

The first chapter on "The Concept" defines national income both in terms of net product going to residents of a country during the year and in terms of factor payments. These two measures are shown by definition and illustration to be equal. Savings and investment, as defined and illustrated, must also be equal for the entire economy. At the outset the author cautions that national income estimates can be used only as a partial indicator of material welfare and introduces the idea of factor-price index, which, with other indices, are frequently used in much of his comparative analysis.

In chapters 2, 3, and 4 the author constructs an "illustrative economy" with which he attempts to explain the methods used in the prevailing compilations of national income analysis. He suggests that these chapters might be skipped without loss by anyone who is already familiar with national income analysis. To anyone not familiar with the techniques used, these chapters merit careful and repeated study. It is difficult to follow his isolated transactions, especially as they relate to the summary results which are consolidated in extensive tables

at the close of the discussion. When the government sector is included in the economy, the author himself feels that his treatment might "raise more questions than it answers."

The core of the study is to be found in chapters 5, 6, and 7. Here is presented a critical description and review of the methods used in computing the two major series of income data for the United States, that of Simon Kuznets of the National Bureau of Economic Research, and that of the Department of Commerce. In considerable detail the author interprets the techniques used by each of these and freely evaluates the practices and assumptions used in estimating national income as factor payments and as net product. The academic economist finds some of his pet theories of distribution being somewhat abused. For instance, "The total of rent, interest, and profit in national income computation obviously give almost no indication of the amounts of rent, interest, and profit in the economic sense." Much of the analysis in this section is predicated on some "rather heroic assumptions," as to final product, intermediate product, pensions, imputed net income from owner-occupied farms, depreciation, etc., but the author handles these ambiguities with finesse if not with understandable logic.

A knotty problem at best is rendered doubly difficult when the role of government is considered in national income computation. If the factor payment approach is used, should payments be counted before or after deducting taxes? What about the shifting of taxes? What value shall be put on government services? Does it make any difference whether these services merely facilitate private production instead of being of direct use to consumers? What about general-purpose services such as education, national defense, and police protection? Should government outlays for construction be capitalised and annually depreciated (view of Kuznet, shared by author), or considered as a current expenditure (view of Department of Commerce, Unrevised Series)? These and other Gordian knots are untied by the author, and before- and after-tax rules formulated for dealing with these matters.

Chapter 8 gives methods employed in estimating the savings and investment in the economy, bearing out the equation: saving by individuals + saving by corporations + "saving" by government = investment. In this connection, individuals include unincorporated businesses, and government saving may be negative due to budget deficit. Data are reproduced here showing, contrary to popular belief, that for the years 1919–38 individuals, not corporations, were the ones who did most of the saving.

In the last three chapters brief comment is made on published measures of income by industries, income by states, and the national income of Great Britain.

Appendixes are added to explain "Formal Shifting," and to compare the 1947 revised series of national income totals, published by the Department of Commerce, with the department's old series, showing results of refinement in methods used. There is also an excellent selective bibliography which, together with the many footnote references throughout the text, should prove valuable to anyone interested in the study of income analysis on a national or regional scale.

The author has succeeded in making interesting and informative reading out of an important and complex subject. The book should find a welcome from teachers of economic theory, research workers in that field, and political scientists.

University of Kentucky HERMAN A. ELLIS

Discrimination by Railroads and Other Public Utilities. By Isaac Beverly Lake, Raleigh, N. C.: Edwards and Broughton Co., 1947. Pp. xii, 346. $5.00.

This work resulted from a doctoral thesis that was submitted in partial fulfillment of the requirements of an advanced law degree at Columbia University. It is principally devoted to the question of discriminatory railway freight rates, relatively little attention being devoted to discrimination by other utilities. In developing his subject, the author uses a legal approach to the problem of discrimination, but the economist will find little to criticise in this respect considering the nature and purpose of the book.

Professor Lake begins by discussing at some length the English background of antidiscrimination provisions of the Interstate Commerce Act. His tracing of the derivation and meaning of common carrier is informative and interesting for the economist. He then considers discriminatory freight rates that are the result of orders by government. Next he takes up the major theme of the book. He builds this around the causes of discrimination, viz., (1) preferences to patrons, (2) preferences to a class of patrons, and (3) preferences to patrons in a given locality. He closes with a chapter on remedies and penalties.

The author discusses in a brief fashion the interterritorial freight-rate question. His treatment of the long and short haul clause seems inadequate in the light of the importance of this indigenous section of the Interstate Commerce Act.

In his first chapter Professor Lake says, "The human mind tends to accept as reasonable and right that to which it has become accustomed." This apt statement suggests a reason why we have tolerated for years a freight-rate system that is shot through with discriminations. A competitive transportation economy such as we now have gives us a chance to shake out such inequities. Preference is preference and prejudice is prejudice. There are no gradations of these conditions for the user of transportation service who has a choice of carriers that operate under competitive conditions. A shipper, for instance, who is dissatisfied with a legalistic "not unduly preferential" rail rate can now in many instances show what he thinks of the matter by using the service of some other type of carrier.

The advent and great growth of new transportation agencies in recent decades have given us a chance to rid ourselves of the discriminations that were instigated by rail carriers and approved or permitted by regulatory bodies. We wish Professor Lake had devoted a whole section of his book to such matters. He could have tied it nicely into what he has written.

Emory University JOHN H. GOFF

Planning the Product. By Dudley M. Phelps. Chicago: Richard D. Irwin, 1947. Pp. viii, 292. $4.50.

This book covers only a small segment of the marketing field, but it makes a valuable and much needed contribution to marketing literature. In addition to the introduction, the book contains seven chapters, which in the order of their presentation are: Product Development; Constitution of a Line of Products; Product and Market Testing; Brands and Trade-Marks; Packaging the Product; Labels and Labeling; Warranty and Service Policies.

Although problems relating to the product require of most manufacturers and of many middlemen important and recurring managerial decisions, marketing and sales management texts have seldom treated these problems adequately. In this book, Professor Phelps presents the most complete, the best organized, and the most scholarly treatment of product problems that has been written. The materials are well selected and balanced, the text is accurately and adequately footnoted, and a selected but comprehensive bibliography is given at the close of each chapter.

The limited scope of the book will no doubt preclude its adoption as a basic text in most marketing courses as now organized, and the price of the book will probably prohibit its purchase by students as a supplementary text. All marketing teachers, however, will find the book to be of particular value as a library reference.

University of North Carolina C. H. McGregor

International Payments: A Science. By R. O. Hall. Washington, D. C.: Storage Bookshop, 1946. Pp. 124. $4.00.

The author asserts that his monograph "reports a scientific discovery which flies in the face of all commonsense." Furthermore he believes that an error in balances of international payments can be proved by mathematics "almost out of thin air." The title calls the contents of the monograph "A Science." The author's flare for the dramatic presents these rather interesting contradictory statements right in the first paragraph of the Preface.

The problem analyzed in the monograph is of utmost importance in the study of foreign trade relations. If a system of eliminating discrepancies and errors in balances of international payments could be discovered, one persistent stumbling block to better understanding of international economic relationships could be eliminated. To achieve this goal the author applies the 4-element analysis to the balance of payments.

Four-term equations are set up in two patterns, Pattern A where $a = b + c + d$, and Pattern B where $a + b = c + d$. In other words, in Pattern A one group of net exports (or imports) is equal to three groups of net imports (or exports), in Pattern B two groups of net exports are equal to two groups of net imports. Based upon the mathematical behavior of the four-term equations there are nine size limits and two sign rules which when applied to the four items —trade, capital, gold and miscellaneous—of balances of international payments

will localise the error and show up the guilty account. By this method then the error could be corrected and the item "discrepancy" eliminated from the balance.

The mathematical concept of the four-term equation and the 4-element analysis which the author calls "new mathematics" have sound foundations. The question which arises concerns its application to balances of international payments. Some expert opinion is definitely antagonistic and minimizes the usefulness of this proceedure. It appears to be possible by the very nature of the equation that the error as found in the analysis is localised in another account than the one in which it actually occurred. Samples with injected, thus known, errors give an undue advantage to the analyst since he knows where to look for the error. Possible refinement and process of screening will be necessary before a final verdict could be given upon the validity and the usefulness of the proposed method.

One is certain that the impression one gains from the author's attitude that a mathematical formula or analysis will make international payment analysis a science is regrettable. It is a further evidence of that type of thinking which takes the mathematical approach as *the* criterion of science, opaquely inferring that other fields cannot be considered as such.

Even if Hall's method cannot be accepted as capable of doing all it is supposed to do, even if one cannot overlook the too zealous statements and the contradictions they contain, the work merits consideration. It has injected a new idea and method into the problem and like any new idea it requires further development and revision after which even if it may not quite fulfill all the claims of its author it may prove a step in the right direction.

University of Florida SIGISMOND DER. DIETTRICH

Personnel Administration. By Paul Pigors and Charles A. Myers. New York: McGraw-Hill Book Co., 1947. Pp. ix, 553. $4.50.

Personnel Administration by Pigors and Myers has a number of desirable features as a contribution to the personnel field. The work is on a more mature level than the usual general book on personnel administration in that the authors emphasize problems of personnel relationships rather than personnel forms and techniques. The place of personnel administration as an arm of management and integral part of a business operation is well brought out. However, the general impression resultant is the importance of good management principles re personnel problems but a sketchy treatment of the actual solving. Moreover, the connection of personnel administration with efficiency in its various aspects is scarcely more than inferred.

Apt and ample case illustrations emphasize the points mentioned in each chapter. In addition, detailed, specific cases demonstrate actual problems arising in connection with the various topics. This case treatment is perhaps the greatest contribution of the book. It helps students and those new in personnel work to develop a "feel" for handling personnel problems.

In other respects, the book disappoints by not coming up to the impression given by topic headings. For example, "Situational Thinking" is a sound approach to personnel problems, and yet the treatment leaves one with little of

utility. "Employee Participation in Production Problems" sounds intriguing, but the reader finds only a very ordinary discussion of suggestion systems and labor-management committees without the penetrating thoughts which are possible on the subject of employee participation.

It is naturally difficult to cover all of the personnel field while at the same time including case data. Even so, there is little specific treatment of collective bargaining as such or of problems in personnel administration arising from social legislation, among other omitted fields. Furthermore, for all of the changed topical grouping, high sounding phrases, mature outlook on personnel administration, and case data, some of the material is quite elementary in its treatment. For example, the chapter on wage administration does little beside outlining merits of piece-work versus hourly pay and the general requirements for incentive plans. The section on safety is elementary in subject matter even though statesmanlike in approach. Other sections discussing wartime programs of various types render little of usefulness.

There is some question, therefore, as to whether the work is "fish, fowl, or good red herring." Perhaps it is fair to sum it up as a mature approach for new students of the subject. The authors themselves think of it as a book "addressed primarily to students, to persons just entering personnel positions in industry, and to personnel administrators who wish to reevaluate their own techniques and principles."

University of North Carolina RICHARD P. CALHOON

Air Passenger Traffic. By William L. Grossman. Brooklyn, N. Y.: Remsen Press Division, Chemical Publishing Co., 1947. Pp. x, 205. $3.00.

The primary purpose of the book is to assist those employed by airline companies in the processing of air passenger traffic. The author relies largely upon information derived from personal observations and direct contacts with those engaged in air transportation and related activities. Although some consideration is given to the use of statistical data, as a basis for the analysis of air passenger traffic, the main emphasis is placed upon a comparison of the various methods employed by airline companies relevant to the preparation and filing of tariffs, setting of fares, operation of the universal travel plan, scheduling, selling and recording of reservations, ticketing, and the handling of passenger correspondence.

The practical manner in which the subject matter is presented should make this book of value, especialy to new employees in traffic departments of airline companies.

University of North Carolina J. C. D. BLAINE

STATE REPORTS

ALABAMA

All phases of economic activity in Alabama continued at high levels during the latter part of 1947. At the end of November the index of industrial activity prepared by the University of Alabama's Bureau of Business Research stood at 185 in relation to the 1935–1939 average year. The job placement figures of the State Employment Service ran well ahead of those for job applications, and despite some adverse weather conditions and other seasonal factors, employment volume remained high. Commercial and financial activity also made substantial gains, although much of the recent increase in retail sales may be attributed to rising prices rather than increased physical volume.

Alabama's tax collections for 1946–1947 reflect this accelerated economic activity. At the end of the fiscal year, September 30, 1947, state tax collections were $76,541,468.51, an increase of $12,140,332.29 over the previous fiscal year. Of the approximately 40 sources represented by the 1946–1947 total tax collections, the four largest revenue producers in order of their importance were: gasoline tax, retail sales tax, income tax, and tobacco tax. Each of these taxes accounted for substantial increases over the 1945–1946 collections, the income tax showing the largest relative gain. Tax collections for the first two months of the new fiscal year (1947–1948) are already running over $2,000,000 ahead of the preceding year's figure.

Industrial expansion in the state is proceeding at an encouraging rate. A shirt factory and ribbon mill, both located in south Alabama, are among the newest additions to the state's industry. The Goodyear Tire and Rubber Company has completed its Gadsden tube plant. This is now the largest modern tube plant in the rubber industry, built at a cost of $4,000,000,000 and having a capacity of 30,000 tubes a day. Other recent expansion of the Goodyear Company includes a large tractor tire plant and a shoe product unit.

Plans for the initial financing of the $32,000,000 newsprint mill of the Coosa River Newsprint Company have been completed. The plant, designed to have a capacity of 300 tons of newsprint daily, will be located in Talladega County.

The new plant of the Allis-Chalmers Manufacturing Company in East Gadsden is ready to go into production. It is estimated that 450 people will be employed in this operation by July 1948.

Further evidence is now at hand of the large growth enjoyed by the Birmingham district. A recent study by the U. S. Bureau of the Census reveals that Birmingham, with a population of 502,000, is now the second largest southern city. By actual count, there were 58 new processors and manufacturers in the Birmingham area during 1947. These new firms employ approximately 1500 employees and manufacture a diversified list of products. Anticipated developments in 1948 within established industries will undoubtedly open the way for further industrial expansion. One such development is especially worthy of note. It is reported that cold rolled steel sheets will be available in 1948 for the first

time in the history of the district. This is especially significant for the future production in the Birmingham area of refrigerators, stoves, and a variety of other products.

The Alabama State Oil and Gas Board recently reported that virtually every major oil producer in the country is planning to start a drilling program in Alabama as soon as critically short oil field pipe becomes available. It was further reported that nearly one-third of Alabama's total acreage is under lease for mineral exploration.

Alabama's farmers received a cash income of approximately $310,000,000 from crops and livestock products in 1947. On the basis of this estimate, it appears that there was virtually no change from 1946 to 1947 in cash farm income in the state. This is in sharp contrast to the 22 per cent increase in cash farm income received by farmers for the nation as a whole. It is estimated that the volume of farm marketings for the United States is up 3 per cent over 1946. While the final figure for volume of farm marketings in Alabama has not been released, the fact that cash income has remained stable indicates a decline in volume of marketings in view of the sharp increases in the prices of some farm products which occurred in 1947.

University of Alabama LANGSTON T. HAWLEY

FLORIDA

Florida completed the first six months of the fiscal year December 31 with an unearmarked general revenue fund balance of $21,974,702 compared to $17,897,572 on July 1. It was still too early to tell whether defeat of all revenue measures at last year's legislative session would be justified by events. Some state taxes were falling behind last year's record yields, e.g., alcoholic beverages (−3 per cent) and racing (−9 per cent). Others were running well ahead, e.g., cigarettes (4 per cent) and gasoline (14 per cent).

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Florida building permit reports from leading cities showed a record total valuation of $276,597,354 in 1947 compared to $228,117,315 in the "boom" year 1925. In all construction activity, private and public, Florida accounted for about one-fourth of the total in seven southeastern states last year. Lumber production increased 10 per cent over 1946, when output was some 22 per cent above 1945. Real estate sales were slowing at year's end, however, as the tourist business slackened, both in volume and spending. As of mid-January, seasonal rentals and retail sales in the Miami area were off sharply from the free-spending 1946–1947 seasons.

Early season optimism over citrus prices was not borne out as the price index for December dropped 50 per cent below the previous year. The customary holiday shipping embargo and another seven-day ban in late January, to keep fruit damaged by mid-January freezes off the market, raised prices temporarily. Low prices brought added support from some quarters for a unified marketing system but less enthusiasm for establishing minimum prices.

Vegetable and truck crops recovered from last fall's setback due to floods and

were bringing good prices at year's end. Frost damage in January was serious in only a few areas as the cold weather came at the most fortunate time between early and late harvests. Meanwhile another segment of the state's food-producing activities, commercial fisheries, experienced a sharp reduction in output, possibly due to the mass destruction of fish in last summer's "red tide." Sponge fishing also was reduced sharply due to raw materials and marketing difficulties. Cigar output in the Tampa area dropped slightly in 1947 according to Internal Revenue Bureau reports.

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Florida's mineral production last year amounted to over $25,000,000. Phosphates accounted for most of this total and early this year a new mine was scheduled to be opened up. New deposits of ilmenite, used in paint pigments, have been found in the Camp Blanding area and leased to E. I. duPont de Nemours Company for 10 years. Florida now has six producing oil wells, all in Collier county. Output in 1947 amounted to 259,345 barrels.

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Early this year meetings were scheduled at various points in the state to discuss details of the Army Engineer's flood control program for central and south Florida. Cost of the proposed plan was estimated at $208,000,000, of which cost $36,500,000 is to be borne by the 21 counties affected and the state.

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Rollins College held its thirteenth annual Economic Conference at Winter Park January 28–31. Theme of this year's conference was "Keys to Sustained Prosperity," with attention centered on taxation, industrial relations, and foreign aid.

University of Florida C. H. DONOVAN

GEORGIA

Total production of crops in Georgia during 1947 was valued at $466,491,000, an increase of 11 per cent over the 1946 figure. This was exceeded only by the all-time high of $578,000,000 in 1919. For the fourth consecutive year, peanuts and tobacco outstripped all previous high value records. Among cash crops, cotton continues to lead with a value of $126,340,000 for lint and seed. Second was the $70,000,000 peanut crop, while tobacco brought Georgia farmers a cash return of about $50,000,000 in 1947.

Average yield per acre of tobacco, corn and wheat set new high points for the state in 1947. The steady gain in per-acre yields in recent years is one of the most heartening signs in the Georgia farm picture, even though the yields of many of the state's important crops are still below the U. S. average. Corn, wheat, oats, rye and barley showed gains of from 25 to 50 per cent in per-acre yields in 1947 as compared to the ten-year period, 1934-43, but were still materially below the national average. On the other hand, the average yield of 715 pounds per acre of peanuts was about 50 pounds above the U. S. average yield, while the 1175 pounds per acre yield of flue-cured tobacco was exceeded only by that of the eastern North Carolina flue-cured tobacco belt.

Individuals and groups interested in the Georgia Better Farms Program, origi-

nated several years ago by Cason J. Callaway, retired Georgia industrialist, may now study its progress through the medium of a recently released movie, "Better Farms for a Greater Georgia". In sound and color, the 16-millimeter film shows what the Callaway plan is and how it has worked. It was sponsored by the agriculture committee of the Board of Regents of the University System of Georgia, and contributed by the Trust Company of Georgia and its affiliated banks. As described in previous issues of the *Journal* (October, 1944; January, 1945; January, 1947), the better farms program is, in brief, a plan whereby small groups of local business men throughout the state formed corporations, bought worn-out land and hired an efficient farm manager to farm it, with improvement of the land and practical demonstration of scientific farming the main objectives. One hundred such corporations in 67 counties were formed, and according to the film, nine out of ten of the farms have proved successful.

More than two years in production, the film was taken in more than 50 Georgia counties under the direction of Bert D. Robinson, soil conservationist, and was produced by the Strickland Film Company. It will be distributed through the following agencies: Georgia Agricultural Extension Service, Athens; Soil Conservation Service, Spartanburg, S. C.; General Extension Division, University System of Georgia, Athens; agriculture committee, Board of Regents, Atlanta; Trust Company of Georgia, Atlanta.

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The Business Executives' Research Committee with a $16,000 first-year program aimed at promoting fuller understanding by businessmen of the economic problems of the Southeast, has been launched by the Emory University School of Business Administration. Financed jointly by the University and the Carnegie Foundation, of New York, the program will be coordinated with others being set up by selected colleges and universities in various sections of the country with the cooperation of the C. E. D. Business Education Committee. According to Dean Gordon Siefkin of the Emory Business School, the committee will be composed of some 15 young Atlanta business executives who will work in cooperation with certain business school faculty and staff members headed by Professor J. H. Goff. Because of the importance of thriving and profitable agriculture to business, the committee will study questions that are fundamentally concerned with increasing the well-being of agriculture, particularly in the Southeast, and with the view of formulating policies toward that end. Long-range objectives of the committee's activities will be to demonstrate the value of the conference or seminar-research method of approach for the study of business and economic problems; to show the feasibility of cooperation between staff research men and business executives in analyzing economic questions and in formulating desirable economic policies looking to the solution of such problems.

Emory University ALBERT GRIFFIN

KENTUCKY

The state general appropriation bill again has been enacted unanimously. This is a high tribute to the incoming governor as the Department of Finance practically defaulted on its statutory job of continuously gathering budgetary

data. The measure appropriates $111,000,000 for the two-year period, exclusive of highway expenditures and capital outlay.

Although it is the largest budget in the state's history its inadequacy will pinch both old and new services. Assistance to dependent children and the aged will remain below desirable levels, the five new tuberculosis hospitals cannot be creditably operated on their allotment, state participation in the federal community-hospital program will be but a dribble, nothing is available to solve the problem of medical education in the state, and no steps were taken to end the stalling on the matter of graduate and professional training in the state for Negroes. Sooner or later the people of the state must face the fact that reasonable need in Kentucky exceeds the capacity of the tax structure to support it.

Burley tobacco, so important in the state's economy, although of excellent quality this year, was considerably lighter than usual. The price of approximately 50 cents a pound hardly made up for the lesser weight compared with last year's crop.

A survey of Kentucky's road system by Public Administration Service has recently been completed. The report recommended that the state assume full responsibility for all of Kentucky's 38,000 miles of rural roads. It was held that the counties, a few excepted, were unable to perform the type of work required to maintain these rural highways. The state currently maintains some 20,000 miles of roads and streets, half of which it finances completely. The counties maintain about 38,000 additional miles of roads, all but 8,000 of which are supported solely by county revenues. State aid to rural roads has increased in the last two years from 2 to 5 million dollars but the fund is first split among the 120 counties and then among the magisterial districts, thereby losing the efficiency to be gained from larger projects and providing openings for political favoritism. Alternatives to state maintenance were considered, but none appeared adequate to meet the need, even though state operation of rural roads was another unwelcome step in the direction of centralization of government powers. Diversion of additional revenue to rural roads will almost certainly be at a high opportunity cost to the state because the primary highway system needs heavy expenditures to continue the program of bringing it in line with the demands of current traffic.

University of Kentucky RODMAN SULLIVAN

MISSISSIPPI

A general fund budget discussion for the state of Mississippi was presented by the State Budget Commission for the approval of the Governor and for transmittal to the legislature convening in January 1948. Suggested appropriations for the biennium 1948–50 are some $20 million less than the amount expended in the past biennium. Requested appropriations exceed by $12 million the suggested $91,214,417 for the next two years. While the total recommended budget is less than in the previous biennium, significant increases in some activities have been recommended.

One-half of the funds recommended for the ensuing biennium are for educational purposes and represent an increase of nearly 21 per cent over the past

biennium. Appropriations for public health and hospitals would be increased nearly 32 per cent and social welfare and mental institutions would receive an increase of 15 and 19 per cent respectively.

Expenditures of a nonrecurring nature made during the past biennium in the amount of $34 million are not anticipated in the budget requirements for 1948–50. The omission of this sum accounts largely for the over-all decrease in the budget even though substantial increases are marked in other functions.

Revenue collections for 1946–48 are anticipated at $99,043,279.81 and the estimate for the coming fiscal biennium is but a few thousand dollars higher. A cash balance of slightly more than $12 million is anticipated, making the excess of funds available over suggested recommendations approximately $20 million. No recommendations are made by the Budget Commission or the Governor.

Tax collections by the state have increased during the past several years and expenditures have kept pace. Under the present fiscal policy of the state of Mississippi, over one-half of its income is derived from sales and gross receipts taxes. Should a decline in business activity occur state revenues would decline sharply.

University of Mississippi CLARENCE E. KUHLMAN

NORTH CAROLINA

The major industries of North Carolina seem to have closed the year 1947 with high earnings and sustained production. There is little or no indication of a change in the seller's market. Some industries, notably the textile and lumber, appear to have difficulty in increasing or even in maintaining production levels on account of absenteeism among labor. The labor situation, however, is peaceable. Voluntary wage increases seem to have headed off, for the time being at least, difficulties in this area.

Agriculture continues to enjoy phenomenal prosperity. In the fall, considerable anxiety was created among tobacco farmers when the British withdrawal from the market was accompanied by disturbing price declines, but the outburst of mercantilism which these developments evoked subsided and life in the tobacco belt appeared supportable in spite of them.

Public revenues are outrunning estimates, conspicuously in the case of local units that have recently discovered the income-yielding potentialities of the public thirst. With the cost of living continuing to soar, the public school teachers have begun to insist upon further increases in salary. There is no indication, however, that the state legislature will be called into special session to deal with their demands. At the moment of writing the plaint of the school people, along with other dissident notes, is drowned out in the crescendo of ecstacy on the part of the larger number who find high inflation to their liking.

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The Woman's College of the University of North Carolina brought to its campus a number of prominent social scientists to participate in a forum of "The Current Social Crisis" on February 12–14. Speakers and discussion leaders included Professors Klineberg and Polanyi of Columbia University, President Hovde of the New School for Social Research, Congresswoman Helen

Douglas of California, Professors Spengler and Ellis of Duke, and Odum, Vance, and Gillin of the University of North Carolina. The discussions centered around the following topics: "The Nature of the Crisis," "Can Human Nature Be Changed?" "Are Our Social Institutions Adequate?" "Can Representative Government Do the Job?" "Is Industrial Capitalism Doomed?" "Can Nationalism Survive the Atomic Age?" and "Is There a Way out?"

Davidson College C. K. BROWN

SOUTH CAROLINA

The South Carolina legislature convened January 13 and the Budget Commission made its recommendations for the fiscal year 1948–49. Recommendations of the Budget Commission are similar to appropriations made for the fiscal year 1947–48. Apparently there will not be any significant increase or decrease in appropriations made for educational purposes.

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A high level of employment and industrial activity prevailed in South Carolina at the beginning of 1948. The number of people in nonagricultural employment January 1, 1948, was higher than a year earlier. A total of 497,000 people were reported by the South Carolina State Employment Service as being employed and only 33,100 were reported as being unemployed.

Although widespread unemployment is not anticipated within the near future, it is comforting to know that should jobs become difficult to find the hardship faced will be less acute than in previous periods of economic adversity because the South Carolina Employment Security Commission now has $48,804,000 available for unemployment benefit payments. Of course, this is not enough money to withstand a long depression and the provisions under which benefits are paid do not assure a comfortable living, but labor is in a more comfortable position than it would be if this money were not available. What is bothering people most at present is the high cost of living. The price of food in South Carolina was 123.5 per cent higher in October 1947 than in January 1941, according to the South Carolina Department of Labor. A dollar in late 1947, then, would buy only 45 per cent as much food as in early 1941 or the dollar had declined 55 per cent in value. In terms of food the dollar was worth 16 per cent less in October 1947 than in October 1946. This upward spiral in living costs is, of course, being most keenly felt in the low income groups.

* * * * *

Farmers in South Carolina, as in other parts of the country, are able to do better farming under adverse conditions than formerly. Despite unfavorable weather conditions in 1947 the average yield per acre for all crops combined was only 7 per cent below the record high level of 1946 and was 20 per cent above average. Total crop production in the state, according to the Bureau of Agricultural Economics, was the fifth largest on record and only 3 per cent below the record high volume in 1946. From the standpoint of income, farmers in South Carolina did not fare so well as did farmers in most parts of the nation. Lower

prices for tobacco, peaches, truck crops, and cotton resulted in local farmers' receiving less money than in 1946 although cost of production was higher. In most states the cash income was higher in 1947 than in 1946.

Farm Credit Administration, GLENN R. SMITH
Columbia, S. C.

VIRGINIA

Virginia continued throughout 1947 to participate in the nation's postwar prosperity. However, it is encouraging to note that this was a continuation of industrial activity begun in the state a decade prior to the war. Many evidences point to a present-day healthy economic status. Total income payments to individuals, which manifested a persistent rise from 1933 through 1945 with great acceleration for the war years, have shown a tendency in the last two years to level off. Last year these payments amounted to $2,755 million. Income per capita increased until it reached $952 in 1946, compared to a national average of $1200. The major sources of income payments in the state were agricultural income, manufacturing payrolls, trade and service income, and government income payments. Government is a major source of income in Virginia. This is due not only to pay and allowances to military personnel, interest on government securities, social insurance, and salaries of state and county officers, but to a disproportionate share of federal civilian salaries since many federal military and civilian establishments are located in Virginia. Farm income in each quarter of the year was higher than in corresponding periods of 1946. Farmers continued during 1947 to draw a large proportion of their income from field crops, and from livestock and livestock products.

* * * * *

The labor market showed improvement during 1947. There was a sharp decrease in unemployment throughout the state. Surpluses appeared in the coal mining areas due, in part, to increased mechanization of the mines. Labor shortages appeared in some of the sections of the state. Employment in manufacturing, while declining from the war peak, remained well above the 1939 levels, especially in the nondurable goods industries.

* * * * *

Bank debits, a barometer of business activity as measured by money payments, increased each month of 1947, except August, and exceeded the corresponding month of 1946. Movement of goods into hands of consumers as shown by department store sales showed a sharp upturn in the last quarter of 1947. One of the state's most substantial industries, lumber production, rose above war levels in 1946 and 1947. Other indexes which showed increases during the year were construction contracts, electrical energy production, and life insurance sales. Thus, a summary of the economic barometers for Virginia for 1947 indicate a condition of high prosperity.

* * * * *

The General Assembly convened in January for its regular session. The Gov-

ernor delivered three messages dealing with (1) general conditions in the state, (2) reorganization of state government, and (3) the budget. His first speech outlined a forward-looking program of legislation for the state. In his address on state reorganization, the Governor proposed a detailed plan of reorganization of all agencies of the government. It would include 11 "operating departments" dealing directly with the public and six auxiliary units devoted primarily to servicing the other departments. The results of the program when completely instituted and operating would be (1) a reduction in the number of state employees, (2) a consolidation of 70-odd agencies into 14 major executive departments, (3) abolition, in their present form, of a large number of boards and commissions, (4) the merging of certain major divisions into new departments, and (5) a financial saving to the state of approximately $1,500,000 annually.

The Governor's budget recommended total expenditures for the biennium of $505 million, an unprecedented increase of $162 million. From the general fund, monetary backbone of state governmental functions and a more significant index of the state's financial condition, appropriations of $137 million were recommended. Major beneficiaries from this increase would be public schools, public health, mental hygiene and hospitals, and public welfare. From a 20 million dollar surplus, anticipated at the end of the present fiscal year, $17 million was earmarked for capital outlays, and $3 million to pay deficits incurred in the present biennium. To meet these increases in expenditures it was recommended that personal, corporate, and fiduciary income tax rates be raised. It was further recommended that the tax on gross receipts of public service companies, beer excises, recordation fees, and merchants' and restaurants licenses be increased.

While Virginia, with the other states, has shown a propensity for increasing its expenditures year after year and decade after decade, this budget reflects the serious impact of inflation upon the activities of the state. The burden now may be comparatively light due to our high income level, but a day must be anticipated when the burden may become unbearable.

University of Richmond HERMAN P. THOMAS

PERSONNEL NOTES

Karl E. Ashburn, formerly at the University of Florida, has become a member of the Department of Economics at the Agricultural and Mechanical College of Texas.

G. H. Aull, head of the Department of Agricultural Economics and Rural Sociology at Clemson College, has been elected to the Advisory Council of the National Tax Institute.

Ann Bair has been appointed an instructor in the Department of Business Administration, Florida Southern College.

E. E. Bessent is a part-time instructor in accounting at the School of Business Administration, Emory University.

J. F. Bickley has returned from military service to the staff of the School of Commerce and Business Administration, University of Alabama, where he is serving as assistant professor of finance.

Mary Garner Borden has accepted a position on the staff of the University of Kentucky Bureau of Business Research after completing her research assignment with the Virginia Public Service Tax Study Committee.

V. A. Boyd has accepted a position as assistant professor of rural sociology and assistant rural sociologist (research) at Clemson College.

J. W. Brandon, formerly engaged in public accounting practice, has been appointed instructor in accounting in the School of Commerce and Business Administration, University of Alabama.

R. Woodrow Castle has joined the staff of John B. Stetson University as instructor in economics.

H. R. Cole, formerly engaged in industrial accounting, has been appointed instructor in accounting in the School of Commerce and Business Administration, University of Alabama.

Ernest C. Collins, recently retired from active duty with the U. S. Navy, is now assistant professor of economics, University of Florida.

J. A. Constantin, formerly at the University of Texas, has become assistant professor of finance in the School of Commerce and Business Administration, University of Alabama.

George S. Craft has resigned as dean of the School of Business Administration, Emory University, to become a senior vice president of the Trust Company of Georgia, Atlanta.

Mettie Degerness is now an instructor in business administration at Florida Southern College.

Mildred A. Drock was recently appointed instructor in accounting, Florida Southern College.

Harrison B. Fagan, formerly at Mercer University, is now acting professor of business administration, University of Tampa.

W. C. Flewellyn has been appointed assistant to the dean of the School of Commerce and Business Administration, University of Alabama, and assistant professor of accounting.

Roy Geeting is now professor of economics at Edison College.

Emily Hancock has been appointed instructor in business administration, Florida Southern College.

G. E. Heckman, formerly at the University of Dayton, is now associate professor of business administration, University of Tampa.

Clarence Heer of the University of North Carolina has been selected by the Committee for Economic Development to conduct a study as to what local and state governments can do to contribute to business stability.

John L. Hoover, formerly Lt. Commander, U. S. Navy, has been appointed professor of commerce and education at the University of Kentucky.

Lasker Howard, Jr., formerly with the National Labor Relations Board, has joined the faculty of Black Mountain College to teach economics and labor relations.

Robert Hruska has been appointed instructor in business statistics in the School of Commerce and Business Administration, University of Alabama.

Jean P. Lesperance is now assistant professor of management in the School of Business Administration, University of Miami.

Marvin V. McCormick is now instructor in management in the School of Business Administration, University of Miami.

J. V. McElveen has joined the teaching staff at Clemson College.

Robert Bruce McGehee, formerly assistant professor of economics at Alabama Polytechnic Institute, is now instructor in economics at the School of Business Administration, Emory University.

James B. McMahon is now lecturer in economics and finance, University of Miami.

S. A. Mador has been appointed instructor in economics in the School of Commerce and Business Administration, University of Alabama.

J. A. Martin has joined the teaching staff of the University of Tennessee.

James W. Martin, director of the Bureau of Business Research, University of Kentucky, has completed his work as research director for the Virginia Public Service Tax Study Committee.

W. Y. Mickle, formerly Florida state auditor, has been appointed professor of business administration, John B. Stetson University.

Elaine Minnis has been appointed instructor in business administration, Florida Southern College.

Eloise Moxley is now instructor in accounting, University of Miami.

William J. Murray has been appointed instructor of economics, University of Florida.

William E. Newbolt has resigned his position on the University of Kentucky Bureau of Business Research staff to return to Berea College.

J. M. Parrish is serving as instructor in economics in the School of Commerce and Business Administration, University of Alabama.

Paul W. Paustian has been appointed professor of economics in the School of Commerce and Business Administration, University of Alabama.

A. J. Pens, formerly at Louisiana State University, has been appointed asso-

ciate professor of accounting in the School of Commerce and Business Administration, University of Alabama.

Wirt L. Peters has been appointed professor of accounting and business law at the University of Miami.

Howard F. Pfahl is now instructor in accounting at the University of Miami.

J. S. Plaxico has joined the teaching staff of Virginia Polytechnic Institute.

Harry R. Price is now instructor in accounting at the University of Miami.

Delmas D. Ray has joined the staff of the College of Business Administration, University of Florida, as assistant professor of accounting.

Ronald W. Robinson is now instructor in accounting at the University of Miami.

Lotty Selig is now instructor in business administration at Florida Southern College.

Max J. Selig is now instructor in business administration, Florida Southern College.

Gordon Siefkin, professor of economics, has been appointed dean of the School of Business Administration, Emory University.

Elbert V. Silver has recently been appointed professor of accounting at the University of Miami.

C. D. Smith, formerly associate professor of mathematics at Mississippi State College, has been appointed associate professor of statistics in the School of Commerce and Business Administration, University of Alabama.

J. M. Stepp, professor of agricultural economics at Clemson College, is completing a study of recent industrial developments in rural areas of selected southern states for the National Planning Association.

B. J. Todd has joined the Georgia Experiment Station.

W. C. Tuthill has been appointed instructor in accounting in the School of Commerce and Business Administration, University of Alabama.

James C. Vadakin is now instructor in economics, University of Miami.

The following names have been added to the membership of the Southern Economic Association:

Wendell M. Adamson, 412 Maplewood, Tuscaloosa, Ala.

Montgomery D. Anderson, College of Business Administration, University of Florida, Gainesville, Fla.

Roscoe Arant, Georgia School of Technology, Atlanta, Ga.

Fred H. Arnold, 554 South Gay Street, Auburn, Ala.

Lowell D. Ashby, Department of Economics and Commerce, University of North Carolina, Chapel Hill, N. C.

Virginia Austin, The Woman's College, University of North Carolina, Greensboro, N. C.

A. L. Barrett, Howard College, Birmingham, Ala.

Nicholas A. Beadles, c/o Fru Burman, Östermalms gatan 94, Stockholm, Sweden.

Thomas S. Berry, Millsaps College, Jackson, Miss.

Hoyle E. Brewer, 425 East Mississippi Avenue, Ruston, La.

Fisher A. Buckingham, Memphis State College, Memphis, Tenn.

William S. Conner, College of Commerce, University of Kentucky, Lexington, Ky.

James A. Constantin, Box 702, University, La.

T. H. Cox, College of Commerce, Louisiana State University, Baton Rouge, La.

W. P. Dillingham, Box 768, Athens, Ga.

Earl E. Ditmars, College of Business Administration, University of Arkansas, Fayetteville, Ark.

Elizabeth Donovan, 2209 Revermont Avenue, Lynchburg, Va.

George T. Dowdy, School of Agriculture, Tuskegee Institute, Ala.

Frank Goodwin, College of Business Administration, University of Florida, Gainesville, Fla.

John R. Greenman, Department of Agricultural Economics, University of Florida, Gainesville, Fla.

H. G. Hamilton, Department of Agricultural Economics, University of Florida, Gainesville, Fla.

Hugh K. Hawk, Washington and Lee University, Lexington, Va.

George Heather, Department of Commerce, Florida State University, Tallahassee, Fla.

Butler T. Henderson, Department of Economics, Agricultural, Mechanical and Normal College, Pine Bluff, Ark.

William J. Hudson, Box 4017 University Station, University of Tennessee, Knoxville, Tenn.

Werner Husmann, Box 725, Clemson, S. C.

Elmo L. Jackson, College of Business Administration, University of Florida, Gainesville, Fla.

Francis J. Kennedy, Department of Economics, Loyola University, New Orleans 15, La.

Ralph M. Lee, Mars Hill College, Mars Hill, N. C.

Clement S. Logsdon, Department of Economics and Commerce, University of North Carolina, Chapel Hill, N. C.

Francis E. McVay, North Carolina State College, University of North Carolina, Raleigh, N. C.

Lewis D. Malphrus, Department of Agricultural Economics, Clemson Agricultural College, Clemson, S. C.

George E. Manners, 24 Ivy Street, S. E., Atlanta, Ga.

Charles C. Mantle, Centenary College, Shreveport, La.

Charles F. Marsh, 705 Powell Street, Williamsburg, Va.

Donald J. May, School of Business Administration, Emory University, Ga.

Raymond F. Mikesell, Colonnade Club, University Station, Charlottesville, Va.

James F. Miles, Clemson Agricultural College, Clemson, S. C.

Margaret McAlpine Mitchell, Tuskegee Institute, Ala.

R. O. Moen, Department of Economics, North Carolina State College, University of North Carolina, Raleigh, N. C.

Karl Morrison, Box 101, University, Miss.

Grover A. J. Noetzel, University of Miami, Coral Gables 34, Fla.

Woodrow W. Pate, Department of Economics and Commerce, University of North Carolina, Chapel Hill, N. C.

Weber H. Peterson, Clemson Agricultural College, Clemson, S. C.

Clarence E. Philbrook, Department of Economics and Commerce, University of North Carolina, Chapel Hill, N. C.

Einar Rasmussen, College of Business Administration, University of Georgia, Athens, Ga.

Oreen M. Ruedi, Hollins College, Va.

Joseph B. Runey, 729 Bonaventure Avenue, N. E., Atlanta, Ga.

Gregor Sebba, University of Georgia, Athens, Ga.

W. G. Shover, Department of Economics, Florida State University, Tallahassee, Fla.

Edward C. Simmons, Department of Economics and Business Administration, Duke University, Durham, N. C.

C. C. Stalnaker, Box 689, Auburn, Ala.

T. M. Stanback, Department of Economics and Commerce, University of North Carolina, Chapel Hill, N. C.

Hubert F. Stepp, Department of Economics, Converse College, Spartanburg, S. C.

Mattye Thompson, Huntingdon College, Montgomery, Ala.

Samuel Thompson, No. 3, Bibb Graves Centre, Auburn, Ala.

Laurence H. Walker, 124 Sylvia Circle, Athens, Ga.

E. S. Wallace, Millsaps College, Jackson, Miss.

James M. Waller, Department of Economics and Commerce, University of North Carolina, Chapel Hill, N. C.

Frank B. Ward, Department of Economics, University of Tennessee, Knoxville, Tenn.

Rex S. Winslow, Box 1050, Chapel Hill, N. C.

Ralph W. Yuill, Box 281, University, Miss.

NOTES

THE SOUTHERN ECONOMIC JOURNAL

Receipts and Expenditures for the Fiscal Year Ended October 31, 1947

Cash Balance, November 1, 1946		$2,253.68
Receipts:		
Grants:		
University of North Carolina	$500.00	
North Carolina State College (U. of N. C.)	500.00	
The Woman's College (U. of N. C.)	250.00	
Total Grants	$1,250.00	
Annual Membership Fees	540.00	
Institutional Membership Fees	6.00	
Subscriptions	868.00	
Advertisements	740.00	
Miscellaneous Sales	51.75	
Total Receipts		3,455.75
Total Cash Balance and Receipts		$5,709.43
Expenditures:		
Printing the Journal	$3,151.80	
Salaries	538.50	
Postage, Telephone, and Telegraph	110.47	
General Expense	104.44	
Other Printing	66.50	
Supplies	8.35	
Refund	3.00	
Total Expenditures		3,983.06
Cash Balance, October 31, 1947		1,726.37
		$5,709.43

G. T. SCHWENNING,
Managing Editor

SOUTHERN ECONOMIC ASSOCIATION

Receipts and Expenditures for the Fiscal Year Ended October 31, 1947

November 1, 1946, Cash on Hand		$678.19
Receipts:		
Annual Memberships	$816.00	
Institutional Memberships	20.00	
Contributing Memberships	10.00	
Dividends on Investments	13.63	859.63
		$1,537.82

Expenditures:		
Stamps	$41.76	
Printing and Supplies	52.50	
Telephone	.85	
Travel	124.82	
Miscellaneous	64.33	
Dividends reinvested	13.63	
The Southern Economic Journal	555.00	852.89
Cash on Hand, October 31, 1947		684.93
		$1,537.82

Fund Balance as of October 31, 1947

Cash on Hand	$684.93
Investments	555.66
	$1,240.59

Investment Account

Total investments as of October 31, 1946: Fort Hill Savings and Loan Assoc. (Clemson, S. C.)	$542.03
January 6—Dividends for July–December, 1946, reinvested	6.77
July 2—Dividends for January–June, 1947, reinvested	6.86
Total Investments as of October 31, 1947	$555.66

JAMES E. WARD,
Treasurer

President Schwenning has appointed the nominating committee for the 1949 officers of the Southern Economic Association. The committee is composed of Dr. Ralph C. Hon, Southwestern at Memphis (chairman), Dr. William T. Hicks, University of Georgia, and Dr. Glenn R. Smith, Farm Credit Administration, Columbia, S. C. All members of the Association who wish to suggest possible nominees to this committee are invited to do so not later than August 15.

The eighteenth annual conference of the Southern Economic Association will be held in Atlanta, Georgia, on November 19–20.

JOHN B. MCFERRIN, *Secretary-Treasurer*
Southern Economic Association

BOOKS RECEIVED

Land Economics. By Roland R. Renne. New York: Harper & Bros., 1947. Pp. xiv, 736. $5.00.

American Society and the Changing World. By C. H. Pegg and others. 2nd ed. New York: Crofts & Co., 1947. Pp. ix, 673. $4.00.

Principles of National Income Analysis. By Carl S. Shoup. New York: Houghton Mifflin Co., 1947. Pp. xiii, 405. $5.00.

Principles of Economics. By Frederic Benham and Francis M. Boddy. New York: Pitman Publishing Corp., 1947. Pp. xi, 430. $3.50.

Value of Commodity Output Since 1869. By William Howard Shaw. New York: National Bureau of Economic Research, 1947. Pp. x, 310. $4.00.

Annual Reports to Stockholders. By N. Loyall McLaren. New York: Ronald Press Co., 1947. Pp. xiv, 364. $5.00.

Trust Receipts. By George B. McGowan. New York: Ronald Press Co., 1947. Pp. viii, 198. $4.00.

Problems in Price Control: Legal Phases. By Nathaniel L. Nathanson and Harold Leventhal. Washington: U. S. Government Printing Office, 1947. Pp. ix, 106. 25¢.

Problems in Price Control: Changing Production Patterns. By Robert B. Armstrong and others. Washington: U. S. Government Printing Office, 1947. Pp. xiii, 441. Paper, 75¢.

Personnel Administration. By Paul Pigors and Charles A. Myers. New York: McGraw-Hill Book Co., 1947. Pp. ix, 553. $4.50.

Corporation Finance. By Henry E. Hoagland. 3rd ed. New York: McGraw-Hill Book Co., 1947. Pp. xii, 812. $4.50.

OPA and the Public Utility Commissions. By John A. Bliss. Washington: U. S. Government Printing Office, 1947. Pp. xii, 93. 25¢.

Money, Credit and Banking. By Ray B. Westerfield. Rev. ed. New York: Ronald Press Co., 1947. Pp. ix, 1096. $5.00.

Export-Import Banking. By William S. Shaterian. New York: Ronald Press Co., 1947. Pp. ix, 397. $5.00.

Elements of Farm Management. By John A. Hopkins. 3rd ed. New York: Prentice-Hall, 1947. Pp. xvi, 524. $5.35.

Volunteers in OPA. By Imogene H. Putnam. Washington: U. S. Government Printing Office, 1947. Pp. ix, 166. 35¢.

Forward Prices for Agriculture. By D. Gale Johnson. Chicago: University of Chicago Press, 1947. Pp. xiii, 259. $3.00.

Applied Economics. By Raymond T. Bye and William W. Hewett. 4th ed. New York: Crofts & Co., 1947. Pp. viii, 718. $4.00.

Studies in Industrial Price Control. By Robert J. Benes and others. Washington: U. S. Government Printing Office, 1947. Pp. viii, 181. 35¢.

The Law of Business. By William H. Schrampfer. New York: Rinehart & Co., 1947. Pp. xviii, 679. $4.50.

Principles of Economics. By Albert E. Waugh. New York: McGraw-Hill Book Co., 1947. Pp. xii, 934. $4.50.

Principles of Industrial Organisation. By Dexter S. Kimball and Dexter S. Kimball, Jr. 6th ed. New York: McGraw-Hill Co., 1947. Pp. xix, 531. $4.50.

Discrimination By Railroads and Other Public Utilities. By Isaac Beverly Lake. Raleigh, N. C.: Edwards & Broughton Co., 1947. Pp. xii, 346. $5.00.

The Board of Directors and Business Management. By Melvin T. Copeland and Andrew R. Towl. Boston: Division of Research, Graduate School of Business Administration, Harvard University, 1947. Pp. xii, 202. $3.25.

Southern Manufacturer's Tax Bill. By James W. Martin and others. Lexington: University of Kentucky, 1947. Pp. vii, 88.

The Foreign Loan Policy of the United States. By J. B. Condliffe. New York: American Enterprise Association, 1947. Pp. 32. 50¢.

A Program For Sustaining Employment. By William S. Street and others. 2nd ed. Washington: U. S. Chamber of Commerce, 1947. Pp. 32. 10¢.

Depression Decade. By Broadus Mitchell. New York: Rinehart & Co., 1947. Pp. xvii, 462. $4.00.

Unemployment Protection for Seamen. By Milton O. Loysen. New York: Williams Press, 1946. Pp. 100. 25¢.

Buying Your Own Life Insurance. By Maxwell S. Stewart. New York: Public Affairs Committee, 1947. Pp. 32. 20¢.

Anniversary Report, 1921–1946: Twenty-Five Years of Forest Research at the Appalachian Forest Experiment Station. By I. T. Haig. Asheville, N. C.: U. S. Department of Agriculture, 1947. Pp. 71.

Bibliography of the Appalachian Forest Experiment Station. By I. T. Haig. Asheville, N. C.: U. S. Department of Agriculture, 1947. Pp. 192.

The National Debt and the New Economics. By Seymour E. Harris. New York: McGraw-Hill Book Co., 1947. Pp. xix, 286. $3.50.

War and Prices in Spain, 1651–1800. By Earl J. Hamilton. Cambridge: Harvard University Press, 1947. Pp. xxvi, 295. $5.00.

Principles of Economics. By Frederic B. Garver and Alvin Harvey Hansen. 3rd ed. Boston: Ginn and Co., 1947. Pp. ix, 463. $4.75.

Research on Wages: Report of a Conference Held on April 4–5, 1947. By Lloyd G. Reynolds. New York: Social Science Research Council, 1947. Pp. vi, 41. 50¢.

Staatswirtschaftslehre des Kameralismus. By Anton Tautscher. Berne: Francke, 1947. Pp. 125. S.fr. 14.50.

Der Wandel des internationalen Kartellbegriffs. By Frederick Hausmann. Berne: Francke, 1947. Pp. viii, 160. S.fr. 11.50.

Trends in Output and Employment. By George J. Stigler. New York: National Bureau of Economic Research, 1947. Pp. ix, 67. $1.00.

Negro Year Book. By Jessie Parkhurst Guzman, ed. 10th ed. Alabama: Department of Records and Research, Tuskegee Institute, 1947. Pp. xv, 708. $4.50.

The New Economics: Keynes' Influence on Theory and Public Policy. Edited by Seymour E. Harris. New York: Alfred A. Knopf, 1947. Pp. xxii, 686. $4.50.

Southern Forests as a Source of Pulpwood. By J. W. Cruikshank. Asheville, N. C.: U. S. Department of Agriculture, Forest Service, 1947. Pp. 11.

1946 Pulpwood Production by County in the Southeast. By James W. Cruikshank. Asheville, N. C.: U. S. Department of Agriculture, Forest Service, 1947. Pp. 18.

Planning the Product. By Dudley M. Phelps. Chicago: Richard D. Irwin, 1947. Pp. 306. $4.50.

Industrial Mobilisation for War: History of the War Production Board and Predecessor Agencies, 1940–1945. Volume I, Program and Administration. Bureau of Demobilization, Civilian Production Administration. Washington: U. S. Government Printing Office, 1947. Pp. xviii, 1010. $3.75.

Real Estate Analysis. By William H. Husband and Frank Ray Anderson. Chicago: Richard D. Irwin, 1948. Pp. xiv, 576. $5.00.

Business Cycles and Forecasting. By Elmer Clark Bratt. 3rd ed. Chicago: Richard D. Irwin, 1948. Pp. xii, 585. $5.00.

International Trade: Tariff and Commercial Policies. By Asher Isaacs. Chicago: Richard D. Irwin, 1948. Pp. xxv, 838. $5.00.

Advertising: Theory and Practice. By C. H. Sandage. 3rd ed. Chicago: Richard D. Irwin, 1948. Pp. xi, 626. $5.00.

Economic Policy for a Free Society. By Henry Simons. Chicago: University of Chicago Press, 1948. Pp. ix, 353. $3.75.

Family Farm Policy. Edited by Joseph Ackerman and Marshall Harris. Chicago: University of Chicago Press, 1947. Pp. xxii, 518. $4.00.

Report and Recommendations of the Joint Philippine-American Finance Commission. By Joint Philippine-American Finance Commission. Washington: U. S. Government Printing Office, 1947. Pp. vi, 222.

Control of Consumer Credit. Proceedings of the Conference under the auspices of the Wharton School of Finance and Commerce, University of Pennsylvania, March 26, 1947. Philadelphia: University of Pennsylvania Press, 1947. Pp. 45. $1.00.

Pricing Problems and the Stabilization of Prosperity. Addresses by Senator Ralph E. Flanders and others at Second 1947 Economic Institute, September 18, 1947. Washington: Chamber of Commerce of the United States, 1947. Pp. 86. $1.00.

Survey of Current Inflationary and Deflationary Tendencies. Department of Economic Affairs, Series A-No. 2. Lake Success: United Nations, 1947. Pp. 86. 50¢.

Applied Job Evaluation: A Manual of Installation and Operating Methods. By H. Geddes Stanway. New York: Ronald Press Co., 1947. Pp. viii, 81. $3.50.

Virginia Farm Real Estate Situation, 1941–1946. Blacksburg, Va.: Virginia Agricultural Experiment Station, 1947. Pp. 24.

Twenty-Eighth Annual Report, Department of Revenue. Frankfort: Commonwealth of Kentucky, 1946. Pp. 39.

Dictionary of Economics. By Byrne Horton. Washington: Public Affairs Press, 1947. Pp. 32. Paper, $1.00.

Work Routing, Scheduling and Dispatching in Production. By John Younger and Joseph Geschelin. 3rd ed. New York: Ronald Press Co., 1947. Pp. x, 168. $3.50.

Work Injuries in the Railroad Industry, 1938–1940. 2 vols. Chicago: U. S. Railroad Retirement Board, 1947. Pp. 235.

Essays in the Theory of Employment. By Joan Robinson. 2nd ed. New York: Macmillan Co., 1948. Pp. vii, 190. $3.75.

The Economic Problem in Peace and War. By Lionel Robbins. New York: Macmillan Co., 1948. Pp. vii, 86. $1.50.

The Industrial Revolution in the Eighteenth Century. By Paul Mantoux. Revised edition translated by Marjorie Vernon. New York: Macmillan Co., 1947. Pp. 539. $5.00.

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